Policyholder's Satisfaction towards Life Insurance Corporation of India with special reference to Coimbatore City

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Abstract: *The liberalization was aimed at pushing economic growth through reforms. The Economic reforms made the country to enter into global arena. The life insurance market was opened to private insurance companies because of lower penetration percentage, lower level of density, lower level of customer satisfaction and many more factors. It was believed that LIC has not focused on wide range of products, which are innovative and customer friendly, but to meet competition, it needs to reformulate them and put them before the customer, in a lucrative manner. There is a constant increase in the policyholder's expectations towards LIC of India especially after liberalization. Therefore, to sustain in the market, customer's i.e., policy holder's satisfaction becomes a most critical component for LIC of India which in turn reflects the performance of the corporation. Hence the study has attempted to analyze the Policyholder's satisfaction towards LIC of India in Coimbatore district.*

Keywords: *Policyholder, LIC, Premium, Satisfaction.*

1. INTRODUCTION:

Insurance is a tool which reduces the cost of loss or effect of loss. It accumulates funds to meet individual losses and provides safety and security for untoward losses. It provides financial security against uncertain losses. The Life insurance sector is emerging as an important mechanism to finance the needs of the people. India's state owned Life Insurance Corporation (LIC) of India leads the life insurance sectors. Hence there is a constant increase in the policyholder's expectations towards LIC of India especially after liberalization.

2. REVIEW OF LITERATURE:

Some of the literature review related to Policyholders satisfaction

Dharmendra Singh (2011) in his article "Factors affecting customer's preferences for life Insurers: An empirical study" aims to identify the factors influencing the selection of insurance company for purchasing the policy. The study made an attempt to know the consumer's buying behavior with a focus on determining the factors affecting the consumer's preference for insurance companies. The consumers were asked to rate their preferred insurers on the basis of the parameters which have strongly influenced them. ANOVA tests were applied and it was found that the proper redressal of complaints ,product features accessibility, low premium amount, advertising, better claim settlement are some of the factors that influenced consumers to choose a company.

Sharma N.C (2011) in his article **"**A Decade of Competition (2001-02 to 2010-11) LIC is the Clear WinnerII" commented that LIC has successfully weathered the storm of competition in the last decade and has emerged a clear winner. It is expected that it will continue to provide the lead in the second decade of competition also. He also urges thatif LIC has to graduate from a good to a great organization it will have to develop and strengthen mechanisms that provide authentic feedback to the policy framers in the organization about the reality of the experience of the average policyholder and the common agent in the operating offices that can become the basis for formulating policies, products and strategies which in turn will contribute to the greater satisfaction of the customer and the agent alike.

JyotiAgarwal and Dr. K.K. Shukla (2014) in their paper "Awareness and impact of globalization of life insurance in India" argued that the insured households do understand the insurance concept better than the uninsured. The study revealed that many families relate the concept insurance as loss of life. Agent's role in creating awareness about insurance is considered as important. Apart from agents, friends, relatives, mass media take a leading role in educating the people.

3. RESEARCH METHODOLOGY:

Sources of Data Collection

In order to assess the policy holders' satisfaction, primary data were collected through survey method.

Research design of the study

The study adopted both descriptive and exploratory research in analyzing the Policyholder's satisfaction towards LIC of India.

Population of the study

According to LIC of India Diaries and Planners, there are 26 branches operating under Coimbatore division. Hence, the population frame would be the 26 branches operating in Coimbatore division, in the state of Tamil Nadu, India which includes Tiruppur branch, Coonoor branch, R.S.Puram branch, Ootacamund branch, Gudalur branch, Udumalpet branch, Avanashi Branch, Bhavani branch, Erode north branch, Erode south branch, Avinashi road branch, Dharapuram branch, Sivagiri branch, Perundurai branch, Gobichettipalayam branch, Podanur branch, Tatabad branch, Peelamedu branch, Sulur branch, Singanallur branch, Sathyamangalam branch, Kangayam branch, Pollachi II branch, Pollachi I branch, Mettupalayam, and North Coimbatore.

Sampling Frame

The sampling frames are the source list of the defined target population. The sampling frame for the present study would be the policyholders from the eight branches who continuously pays premium without lapsation.

Sampling Technique

Cluster sampling is adopted for the selection of sampling branches. Out of 26 branches operating under Coimbatore division, the researcher has selected 8 branches which falls under Coimbatore city. Out of the sample branches, the respondents are selected through convenience sampling technique.

Sample Size

Two hundred respondents were taken as sample by adopting convenient sampling method by equally selecting 25 respondents in each branch. Details of policyholder's have been collected from registered agents of LIC.

TABLE NO.1 Geographical Distribution of Respondents in the Study Area

S.No	Name of the Branch	No. of Respondents
1	RS Puram Branch	25
2	Avinashi road Branch	25
3	Podanur Branch	25
4	Tatabad Branch	25
5	Peelamedu Branch	25
6	Sulur Branch	25
7	Singanallur Branch	25
8	North Coimbatore Branch	25
	Total	200

Source: Primary Data

Reliability and Validity of the tool

Content validity and reliability of the tool were tested, applying Cronbach's alpha technique. The reliability was found to be 0.79, indicated that the tool was reliable. The tool was also validated by the experts from insurance agents, statisticians and subject experts and their valid suggestions were incorporated.

Pilot Study

The questionnaire was pre-tested with 20 samples among the selected samples. Based on the sample respondents opinion and feedback, necessary modifications were incorporated in the questionnaire.

Data collection instruments

Structured Questionnaire was administered to the respondents. The questionnaire was designed to collect information like personal details, preferred choice of investments, selection of policies and the satisfaction level of respondents towards LIC of India and its policies.

Tools of analysis

To attain the objectives of the study, various statistical tools have been adopted. They are descriptive analysis / percentage analysis, Garrett's Rank, , Average Score Analysis, Student't' test and Analysis of Variance. The tools have been used to measure different variables which are segregated as follows:

Part I - Personal Details

The part I measures the personal profile of the respondents like gender, marital status, occupation, monthly income, educational qualification and source of information about LIC using Frequency Distribution (Percentage Analysis).

Part II - Preferred Choice of Investments

The part II measures the preferred choice of investments and reasons for investing in LIC using the Garrets Ranking Techniques.

Part III - Selection of Policies

The part III measures the selection of policies of the respondents like influencing factors in choosing LIC, likingness towards LIC, reasons to switch from LIC to other insurance companies and preference of another policy from LIC using Frequency Distribution (Percentage Analysis).

Part IV - Satisfaction Level

The part IV measures the satisfaction level of the respondents in three sections;

Section I - Measures of Central Tendency and Measures of Dispersion (Mean and Standard Deviation).

Section II - the difference of opinion of respondents are measured for profile and the level of satisfaction using the Student 't' Distribution, when there are only two groups.

Section III - the difference of opinion of respondents are measured for profile and the level of satisfaction using One Way ANOVA, when there are more than two groups.

4. RESULTS AND INTERPRETATIONS:

Personal Details

- Majority of the respondents are male and are married.
- As far as occupation status is concerned, majority of the respondents belongs to working group in private sectors.
- The income range of majority of the respondents fall between rupees 15001 to 30000 and rupees 30000 to 40000
- It is inferred that most of the respondents are Post graduates

Preferred Choices of Investments

The various factors which are preferred by the investors have been displayed below and have been ranked according to their primary and least preferences. Using the garrets ranking techniques the preferred choice of investments has been analysed;

To find out the most significant factor which influences the respondent, Garrett's ranking technique was used. As per this method, respondents have been asked to assign the rank for all factors and the outcome of such ranking has been converted into score value with the help of the following formula:

$$\text{Percent position} = \frac{100 \, (R_{ij} - 0.5)}{N_{ij}}$$

Where

R_{ij} = Rank given for the i_{th} variable by j_{th} respondents
N_j = Number of variable ranked by j_{th} respondents

With the help of Garrett's Table, the percent position estimated is converted into scores. Then for each factor, the scores of each individual are added and then total value of scores and mean values of score is calculated. The factors having highest mean value is considered to bethe most important factor.

TABLE 2
Preferred choice of investments

Factors	Calculate Average	Divide with N =200	Rank
Insurance Policies	14022	70	2
Bank Deposits	14143	71	1
PPF	12721	64	3
Postal Deposits	10208	51	5
Mutual Funds	10975	55	4
Debentures	9335	47	7
Shares	8776	44	8
Bonds	9681	48	6

Source: Computed from primary data

Table 2 shows the preferred choice of investments by the respondents.The table indicates that the first choice of investments preferred by the respondents are bank deposits followed by insurance policies, PPF, Mutual Funds, Postal Deposits, Bonds, Debentures and last choice of investment preferred by the respondents is shares.

TABLE 3
Reasons for investing in LIC

Factors	Calculate Average	Divide with N =200	Rank
Good Returns	12127	61	4
Schemes are Good	10358	52	6
Loyalty, Safe and Security	12934	65	2
Needs to save Tax	13966	70	1
Multiple Benefits plus tax savings	12446	62	3
Children's Welfare	10179	51	7
Post-Retirement Benefits	10814	54	5

Source: Computed from primary data

Table 3 indicates the reasons for investing in LIC by the respondents. The first reason for investing in LIC by the respondents is the need to save tax followed by loyalty, safe and security, multiple benefits plus tax savings, good returns, post-retirement benefits, schemes are good and least reason for investing in LIC is children's welfare.

TABLE 4
Influencing factors in choosing LIC

Influencing factors in choosing LIC	Frequency	Percent
Agents Suggestions	105	52.5
Friends Suggestions	26	13.0
Spouse Suggestions	8	4.0
Information Brochures	5	2.5
Nature of Returns	56	28.0
Total	**200**	**100**

Source: Computed from primary data

It is observed from table 4 that 52.5 per cent of the respondents preferred to choose LIC due to influence of agents. 28 per cent of the respondents preferred to choose LIC by expecting the nature of returns in future. 13 per cent of the respondents choose LIC by the suggestions made by their friends and finally 4 per cent of the respondents preferred to choose in LIC because of the suggestions by their spouse.

TABLE 5
Preferences towards LIC

More liking towards LIC	Frequency	Percent
More Benefits	39	19.5
More Security	155	77.5
Others	6	3.0
Total	**200**	**100**

Source: Computed from primary data

Table 5 presents the respondents preferences towards LIC. It is revealed from the table that more than three-fourth of the respondents prefer LIC insurance policy because of high security and 39 per cent of the respondents prefer LIC insurance policy because of its benefits.

TABLE 6
Reasons to switch from LIC to other insurance companies

Reasons	Frequency	Percent
Wider range of policies	66	33.0
High Returns	81	40.5
Better Customer Relationship	26	13.0
Ease of Operations	13	6.5
Product Innovation	10	5.0

Product Innovation\Ease of Operations / Better Customer Relationship	3	1.5
High Return/Ease of operations	1	.5
Total	**200**	**100**

Source: Computed from primary data

There are many reasons to switch over from LIC to other insurance policy by the respondents and it has been given in the table 6. It is understood from the table that 40.5 per cent of the respondents switch from LIC to other insurance companies mainly for high returns followed by wide range of policies with 33 per cent, followed by better customer relationship. Meagre percentage by product innovation and by other reasons.

TABLE 7
Preference of another policy addition to LIC

Preference	Frequency	Percent
LIC	134	67.0
No Idea	6	3.0
SBI Life	6	3.0
Confidential	13	6.5
Max New York	12	6.0
ICICI	13	6.5
Kotak Mahindra	16	8.0
Total	**200**	**100**

Source: Computed from primary data

Table 7 presents the respondents preference of another insurance policy in addition to LIC. It is understood from the table that 67 per cent of respondents prefer LIC policy, 8 per cent of the respondents prefer Kotak Mahindra, then 6.5 per cent of the respondents prefer ICICI as well as another 6.5 per cent of the respondents keeps it as confidential i.e. they don't reveal to others about their choice of preferences. Then 6 per cent of the respondents prefer Max New York and finally 3 per centof the respondents prefer SBI Life and as well as 3 per centof the respondents don't have any idea for further policies.

TABLE 8
Satisfaction level towards LIC policies

Measuring Items	N	Mean	Sd
Payment of Premium	200	1.77	.874
Mode of Premium	200	1.78	.594
Obtaining Loans	200	2.44	.849
Renewal of Discontinued Policy	200	2.67	.941
Obtaining Survival benefits	200	2.75	.992
Death Benefit	200	2.32	.727
Interaction with Agents of LIC	200	2.43	1.324
Experience with LIC Agent	200	2.64	.952
mode of premium amount to be paid in LIC	200	1.40	.521
services provided by LIC	200	2.14	.685
Returns in insurance Policies of LIC	200	2.25	.606
Claim settlement procedure of LIC	200	2.16	.588
overall satisfaction with insurance policies of LIC	200	2.20	.616
Overall Mean Score		**2.22**	**0.79**

Source: Computed from primary data

It is understood from the table 8 that the respondents are having neutral satisfaction towards obtaining survival benefits, renewal of discontinued policy, experience with LIC Agent, obtaining loans, interaction with agents of LIC, death benefit, returns in insurance policies of LIC, overall satisfaction with insurance policies of LIC, claim settlement procedure of LIC and services provided by LIC with mean values of 2.75, 2.67, 2.64, 2.44, 2.43, 2.32, 2.25, 2.20, 2.16 and 2.14 respectively. Finally the respondents are not satisfied with mode of premium, payment of premium and mode of premium amount to be paid in LIC with mean values of 1.78, 1.77 and 1.40 respectively.

The respondents are having a neutral feel of satisfaction i.e. they can neither get satisfaction nor dissatisfaction towards the satisfaction on the LIC policy.

TABLE 9
Difference of opinion between the level of satisfaction based on the gender group of respondents

Variables	Labels	N	Mean	Sd	T	df	Sig.
Overall	Male	127	2.06	.568	-4.433	198	**.000***
Satisfaction	Female	73	2.44	.623	-4.323	138.986	**.000***
*** The mean difference is significant at the 0.05 level.**							

It is observed from the table 9, that the level of satisfaction regarding male and female group shows that there is significant difference based on the gender. This means that the male and the female respondents have difference of opinion on the level of satisfaction. Thus the calculated significant value is less than the actual significant ($P < 0.05$). Hence the null hypothesis is rejected.

TABLE 10
Difference of opinion between the level of satisfaction based on the marital status group of respondents

Labels	SS	Df	MS	F	Sig.
Between Groups	4.294	2	2.147		
Within Groups	45.126	197	.229	9.374	.000*
Total	49.420	199			
*** Significant at the 0.05 level.**					
SS - Sum of Squares					
MS - Mean Square					
F – Fischer Value					
df – degrees of freedom					

It is observed from table 10 that the level of satisfaction regarding marital status i.e., single, married and widow, shows that there is significant difference based on the marital status of the respondents. Thus the calculated significant value is less than the actual significant ($P < 0.05$). Hence the null hypothesis is rejected

TABLE 11
Difference of opinion between the level of satisfaction based on the occupation group of respondents

Labels	SS	Df	MS	F	Sig.
Between Groups	2.415	4	.604		
Within Groups	47.005	195	.241	2.505	.044*
Total	49.420	199			
*** Significant at the 0.05 level.**					
SS - Sum of Squares					
MS - Mean Square					
F – Fischer Value					
df – degrees of freedom					

It is observed from the table 11 that the level of satisfaction regarding occupation group shows that there is significant difference based on the occupation group of the respondents. The calculated significant value is less than the actual significant ($P < 0.05$). Hence the null hypothesis is rejected.

TABLE 12
Difference of opinion between the level of satisfaction based on the monthly income group of respondents

Labels	SS	Df	MS	F	Sig.
Between Groups	8.431	7	1.204		
Within Groups	40.989	192	.213	5.642	.000*
Total	49.420	199			
*** Significant at the 0.05 level.**					
SS - Sum of Squares					
MS - Mean Square					
F – Fischer Value					
df – degrees of freedom					

It is observed from the table 12 that the significant difference exists between the income groups like Rs. 20000 to Rs. 30000 - Rs. 30000 to Rs. 40000 and Rs. 20000 to Rs. 30000 - Rs. 50000 to Rs. 60000, then between the groups Rs. 30000 to Rs. 40000 - Rs. 20000 to Rs. 30000 and Rs. 30000 to Rs. 40000 - Rs. 40000 to Rs. 50000, then between the groups Rs. 40000 to Rs. 50000 - Rs. 50000 to Rs. 60000, then between the groups and finally between the groups Rs. 50000 to Rs. 60000 - Rs. 60000 to Rs. 70000 and Rs. 50000 to Rs. 60000 - Above Rs. 70000 based on the level of the respondents. Since the calculated significant value is less than the actual significant ($P < 0.05$). Hence the null hypothesis is rejected.

TABLE 13
Difference of opinion between the level of satisfaction based on the educational qualification of respondents with regard to group of respondents

Labels	SS	Df	MS	F	Sig.
Between Groups	2.943	4	.736		
Within Groups	46.477	195	.238	3.087	.017*
Total	49.420	199			
* Significant at the 0.05 level.					
SS - Sum of Squares					
MS - Mean Square					
F – Fischer Value					
df – degrees of freedom					

It is observed from the table 13 that significant difference exists between the educational qualification group like SSLC – Graduate, then between the groups Diploma - Post Graduateand finally between the groups Graduate – Post Graduate based on the level of the respondents. Since the calculated significant value is less than the actual significant ($P < 0.05$) the null hypothesis is rejected.

TABLE 14
Difference of opinion between the level of satisfaction based on the source of information about LIC with regard to group of respondents

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	6.562	7	.937		
Within Groups	68.833	192	.359	2.615	.013*
Total	75.395	199			
* Significant at the 0.05 level.					

It is observed from the table 14 that the level of satisfaction regarding sources of information about LIC group by the respondents shows that there is significant difference based on the sources of information. This means that the respondents have difference of opinion on the level of satisfaction on different sources of information about LIC. Since the calculated significant value is less than the actual significant ($P < 0.05$) the null hypothesis is rejected.

TABLE 15
Difference of opinion between the level of satisfaction based on the information provided by LIC agents with regard to group of respondents

Labels	SS	Df	MS	F	Sig.
Between Groups	14.862	2	7.431		
Within Groups	34.558	197	.175	42.361	.000*
Total	49.420	199			
* Significant at the 0.05 level.					
SS - Sum of Squares					
MS - Mean Square					
F – Fischer Value					
df – degrees of freedom					

It is observed from the table 15 that the level of satisfaction regarding the information provided by LIC agent to the respondents' shows that there is significant difference based on the information. This means that the respondents have difference of opinion on the level of satisfaction on different information provided by LIC agent. Since the calculated significant value is less than the actual significant ($P < 0.05$) the null hypothesis is rejected.

TABLE 16
Difference of opinion between the level of satisfaction based on influencing factors in choosing LIC with regard to group of respondents

Labels	SS	df	MS	F	Sig.
Between Groups	3.331	4	.833		
Within Groups	46.089	195	.236	3.523	.008*
Total	49.420	199			
Significant at the 0.05 level.					
SS - Sum of Squares					
MS - Mean Square					
F – Fischer Value					
df – degrees of freedom					

It is observed from the table 16 that the level of satisfaction regarding the influencing factors in choosing LIC, the nature of returns and agents suggestions shows significant difference. Hence the calculated significant value is less than the actual significant (P < 0.05) the null hypothesis is rejected.

TABLE 17
Difference of opinion between the level of satisfaction based on the preference towards LIC policies with regard to group of respondents

Labels	SS	Df	MS	F	Sig.
Between Groups	.089	2	.044		
Within Groups	49.331	197	.250	.178	.837
Total	49.420	199			
Significant at the 0.05 level.					
SS - Sum of Squares					
MS - Mean Square					
F – Fischer Value					
df – degrees of freedom					

It is observed from the table 17 that the level of satisfaction regarding the respondents preference towards LIC policy shows no significant difference among more benefits and more security category based on the satisfaction level. Hence the calculated significant value is less than the actual significant (P > 0.05) the null hypothesis is rejected.

TABLE 18
Difference of opinion between the level of satisfaction based on the reasons to switch from LIC to other insurance companies with regard to group of respondents

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	8.350	6	1.392		
Within Groups	67.045	193	.347	4.006	**.001***
Total	75.395	199			
Significant at the 0.05 level.					

It is observed from the table 18 that the level of satisfaction regarding the reason to switch from LIC and level of satisfaction of the respondents shows significant difference based on the reason. This means that the respondents have difference of opinion on the level of satisfaction on different reasonsto switch from LIC to other insurance companies. Since the calculated significant value is less than the actual significant (P < 0.05), the null hypothesis is rejected.

TABLE 19
Difference of opinion between the level of satisfaction based on the preference of another policy addition to LIC by the respondents with regard to group of respondents

Labels	SS	Df	MS	F	Sig.
Between Groups	3.077	6	.513		
Within Groups	46.343	193	.240	2.136	.051
Total	49.420	199			
Significant at the 0.05 level.					

SS - Sum of Squares
MS - Mean Square
F – Fischer Value
df – degrees of freedom

It is revealed from table 19 that the level of satisfaction regarding the preference of insurance in addition to LIC and level of satisfaction of the respondents shows no significant difference. This means that the respondents have same opinion on the level of satisfaction. Since the calculated significant value is greater than the actual significant ($P > 0.05$), the null hypothesis is accepted.

5. SUGGESTIONS:

- To improve the premium growth, LIC has to work effectively with the help of agents in earning more number of new customers, by offering them various benefits such as wide range of products, attractive schemes, easy mode of payments, extensive marketing strategies and better customer relationship.
- LIC should strengthen its market share by direct marketing practices and identifying different market segments and different indicators like age, sex, income, rural and urban population etc
- To increase the life insurance fund LIC should go for cost cutting management strategies and follow low premium policies to attract the potential customers

6. CONCLUSION:

The success of the economy lies in the growth and development of industries which in turn depends on the performance of individual company and companies as a whole. Insurance is considered as the pillar in managing the risk of the people. As far as LIC of India is concerned, it continues to be the leading life insurer even after two decades of liberalization. Thus, the corporation has proved its status in their potential Policyholder's satisfaction and has benefitted out of liberalization. Till now LIC has achieved many landmarks and has set unique performance records in various phases of life insurance business. The unprecedented performance of LIC must allay the fears of Public sector enterprises that have phobia to private sector participation and competition in various sectors still reserved as state monopoly.

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