

Satisfaction of Policyholders Services Provided by LIC of India in Thanjavur Division

***Thirumaran**

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Introduction

Life insurance business has its origin in England. Insurance companies in India have a deep-rooted history. It all began in 1818 when Oriental Life Insurance Company in Calcutta was established. From then on insurance was scattered across the country. It was an unorganized sector. Then In 1950, the entire insurance segment was nationalized. After achieving freedom, the insurance sector gained momentum. In India this business was established during the 19th century by the British companies in India followed by some Indian companies. This business was purely run by private companies and there was a remarkable growth for life insurance in all the spheres of its operation. In 1938 the Indian Insurance Act was enacted to control the capital and administration of the life insurance business. This Act came into force in 1939. On 19th January 1956 an ordinance was promulgated by the President of India to take over the management and control of life insurance.

The Insurance companies in India are vital for one's saving purpose. In the beginning Insurance was looked at as a 'tax-benefit' investment. Slowly, however the mindset of the common man is changing. Life Insurance is now looked on as investment vehicle. With the introduction of private players in the sector there has been more

transparency and flexibility in the sector. Private players have procured almost nine percent of the insurance segment even though the coveted policies like endowment and money back still lay with the government. Better services, individual attention and pure transparency have given the private sector an upper hand. But with a huge unorganized market in India yet to tap the insurance companies in India have a voluminous market to explore.

Statement of the Problem

Liberalization and Globalization made insurance industry a competitive one from near monopoly position. Now-a-days, policyholders' quality and level of service are playing an important role not only for retaining policyholders but also for expanding. Peter.F.Drucker quotes that "Quality in Service or product is not what you put into it. It is what the client or customer gets out of it". Therefore, it is essential that the insurance industries need to assess their policyholders' perception towards service being offered by them.

The insurance penetration was 2.32 per cent with Life Insurance 1.77 per cent in the year 2000 when the sector was opened up for private sector. It increased to 5.20 per cent, and for life insurance Life, 4.60 per cent in March 2010. Even though little progress has been made, still it has to go a long way. Low level of insurance penetration indicates that it may be due to low level of awareness.

Insurance products are basically risk protection products. But in India, it is the most mis-sold product and it is sold as investment product rather than a risk protection product. Therefore, the policyholders' intent for buying an insurance policy itself is a research question. So, finding out the reasons and factors influencing the selection of life insurance product is necessary for better service.

The retention of policyholders largely revolves around the identification and satisfaction of policyholders' needs and requirements. Policyholders' satisfaction or dissatisfaction gives an opportunity for improving quality of service in order to remain commercially competitive and to develop market base.

The perceptions of policy holders on life insurance product will be conducted in Thanjavur division to provide valuable suggestions for the penetration of the industry.

Objective of the Study

1. To know the awareness level of policyholders about life insurance services.
2. To find out the factors influencing the selection of Life Insurance products.
3. To measure the level of policyholders satisfaction about life insurance services.

Scope of the study

The proposed research work attempts to study life insurance policyholders' perception towards their awareness, and satisfaction. It also attempts to identify the factors influencing the selection of life insurance products. The study was undertaken in Thanjavur division.

Methodology

Both primary and secondary data were used for the purpose of the study. Primary data were collected through interview schedule from the respondents. The secondary data were collected from various books, journals, newspapers, articles and some websites, mainly from the insurance related lines.

Sampling

The LIC of India Thanjavuri Division is located in six districts. There are about 22 branches in this division. The researcher has selected all these branches under census method for this study. There are about 400 policyholders selected at random in order to obtain their opinion of the service offered by LIC of India. That is, 18 policyholders from 18 branches and 19 policyholders in four branches were selected.

Limitations

As the limitations are common to almost all the studies in social survey, the present study is also subject to certain limitations. The study covers only the Life Insurance Corporation of India in Thanjavur Division. The study does not cover the private life insurance companies.

Findings

- The classification of sample respondents based on sex is given. It is clear that out of 400 respondents, significant majorities of 66 per cent of the respondents were male and the remaining 34 per cent of the respondents were female. Majority of the respondents are belonging to the category of male.
- Life insurance protection is a necessity to both the literate and illiterate persons. Hence, the policies are taken both by the educated and uneducated persons. Education to a significant level decides the behavior of an individual although, it does not have a direct impact on all behaviors, and it leads to an attitudinal change. Educational level of an individual not necessarily would reflect the insurance awareness or knowledge. It depends on whether an individual had known about the insurance needs and its effectiveness. It is evident from the study more than 37 per cent of the respondents have studied Up to 12th Standard, 10 Per cent of the respondents have Professional Degree, 31 per cent of the sample respondents have UG Degree and the remaining 22 per cent of the respondents are PG Degree holders. Most (37 per cent) of the respondents having up to 12 standard level education only.
- Age plays a crucial role in the area of savings since respective age will motivate any individual to secure something for the future life. It is one of the most significant aspects taken into account while taking Life Insurance policies. It is expected that the policyholders should take insurance policy when they are young. The Age wise classification of the sample of respondents, 48 per cent are in the age group of 40 to 50 years, 25 per cent are in the age group of 50 and above years, 18 per cent are in the age group between 30 to 40 years, and the remaining nine per cent are in the age group of 20 to 30 years. Majority (48 per cent) of the respondents are coming under the age group of 40 - 50 years.
- The marital status wise classifications of the sample of respondents are presented in the following ways. The survey indicated that the majority of 81 per cent of the respondents are married and the remaining 19 percent are unmarried. Most of the respondents are belonging to married.
- The role of occupation plays an important role in utilization of any service like banking, insurance, e-commerce, ticket bookings, telecom, postage, courier, cargo etc., based on the occupation level; the user's purchasing perceptions differ. The study, which is given below, indicates the occupational status of the selected respondents. The researcher classifies the respondents as salaried people like Government, Private, Business/Profession and other categories. It could be understood from the study that out of 400 respondents, 12 per cent of the respondents are engaged in business/profession 14 per cent of the respondents are private employees, and 23 percent of the respondents are coming under the government employee category and a substantial majority of 52 per cent are belonging to other categories.
- Life insurance is equally important for all classes of people who are belonging to various income groups. The study has brought to surface that while a majority of 50 per cent of the respondents are earning between Rs.5, 000 to Rs. 10,000 per month, 21 per cent of the respondents are earning below Rs.5, 000, 17 per cent of the respondents earn between Rs. 10,000 to Rs. 15,000, 12 per cent of the respondents earn Rs. 15,000 and above per month. Majority of the respondents' monthly income is Rs 5,000 - 10,000.
- Whatever be the product its ultimate success depends upon how it reaches the consumers. Hence,

one can logically understand the importance of awareness about the product, the company above all their promotional measures. If any one of these has not caught the minds of the consumers then it clearly indicates the position of the products, company and promotional measures in the minds of people, and gives a precaution of what has to be done. It shows that 54 per cent of the respondents mentioned the Agent as the source for their awareness to insurance policies, while 23 per cent of the respondents got their awareness from officials from insurance companies, 16 per cent of the respondents from friends and relatives, and seven per cent of the respondents learned through News papers. Most of the respondent's awareness from the agent.

- Insurance policy is essential to everyone in their life at all stages. Various factors such as Welfare of dependents, Savings and Investment, Accident coverage, IT. Rebate, Old age pension, etc., motivate people to take up life insurance policies. A careful examination of the above data reveals that a substantial of 30 per cent of the respondents feel that savings and investment have motivated their Insurance needs, 34 per cent of the respondents considered for IT rebate, 22 per cent of the respondents feel that Accident coverage motivated them to go for life insurance, and 14 per cent of the respondents consider for loan facilities.
- Insurance companies offer multi-varied insurance policies like Whole Life, Endowment, Money Back, Children Plan, Personal Pension, and Health Insurance Policies. The preference of the respondents as to the above policies is highlighted. It could be seen from the study 20 per cent of the respondents have taken whole life policies. Endowment Policy seems to be more popular with the respondents as could be seen from the study that as many as 33 per cent have preferred it. 16 per cent of the respondents have chosen Money Back Policies while 13 per cent have opted for Children Plan, 10 per cent of the respondents have preferred health insurance plan and eight per cent of the respondents preferred for others. Most of the respondents preferred endowment policy only.
- The policyholder can make his payment through various ways like salary deduction, Direct Payment, Online payment; payment through ATM. Paying premium is easier now. To avoid wastage of time and energy there are more facilities adopted by the insurance company for paying premium. It is clear from the analyses that 44 per cent of the respondents were paid their payment through agent, 30 per cent of the respondents were paid premium through direct payment and the remaining 26 per cent of the respondents were paid premium under salary deduction. So majority of the respondents were paid their premium through agent.
- The insurance companies allow the policy holders to pay the premium in different installment. As it is understood from the study, that a majority of 34 per cent of the respondents are paying premium under the mode of Half-yearly payment, 26 per cent of the respondents are paying their premium every Quarterly period, 21 per cent of the respondents are paying premium yearly and the remaining 19 per cent of them are making monthly payment.
- Payment of premium on due date is essential to keep the policy alive. Undue delay will make the policy get lapsed, to avoid this; the policyholder should pay the premium in time when the due occurs. The survey highlights, that 25 per cent of the respondents are very prompt in paying the premium. 51 per cent of the respondents have occasionally delayed the payment of premium. It is a sorry state of affairs to find as many as 24 per cent of the respondents have often delayed the payment of premium.
- The policy holders can avail loan from the insurance companies against their policies equivalent to the surrender value. It is clear that a majority of 58 per cent of the respondents have not availed loan against policy and the remaining 42 per cent of the respondent's availed loan against policy for their fund needs.
- Surrendering of policy may be due to inability to pay the premium or for fund requirements. While

surrendering the policy, the insurance company will not pay the actual premium paid by the policyholders. The insurance company will compute the surrender value of the policy. The policyholder can get that amount of surrender value. The study indicates that out of 400 respondents only 22 per cent of the respondents have surrendered their policies. The remaining 78 per cent of the respondents have not experienced surrendering of policy.

- There are various reasons for surrendering the policy. Like non-payment of premium, lack of funds, etc., the researcher wanted to know why the policyholders are surrendered their policies. It is clear that 11 respondents have surrendered their policies for meeting their fund requirements while 15 respondents have surrendered on account of their Inability to pay the premium.
- Agents are independent intermediaries introduced by the development officers or insurance advisors and appointed by the Insurance Companies whose main function is to procure life insurance business for the company. Normally they are under the supervision of development officers, however, they can also report directly to the insurer's operating offices. There are also some Direct Agents in the Insurance field. Insurance being a service industry provision of service by the agent not only at the time of taking policy but also post-sales service is very important. It is obvious from the survey that the respondents are satisfied with the services rendered by the agents. As regards explaining new products and their features 48 per cent of the respondents have expressed high satisfaction. 37 per cent have expressed medium level of satisfaction. Only 15 per cent have expressed low level of satisfaction. Similarly clarifying the doubts 37 per cent have expressed high satisfaction while 43 per cent have expressed moderate satisfaction and only 20 per cent of the respondents have expressed low level of satisfaction. Regarding rendering help while realizing the maturity of policy amount 36 per cent of the respondents have expressed high level of satisfaction. 46 per cent of the respondents are moderately satisfied and only 18 per cent of the respondents have low level of satisfaction.
- The Insurance Companies have their own role to play in rendering service to the policy holders. The study shows that the level of satisfaction of the respondents as to the services rendered by the insurance companies. As regards premium charged by the insurance companies 46 per cent of the respondents have expressed high level of satisfaction. 38 per cent of the respondents have expressed moderate level of satisfaction and only 16 per cent if the respondents have expressed low level of satisfaction. It is heartening to note that regarding proper compliance of the terms and conditions of the policy 47 per cent of the respondents have expressed high level of satisfaction and 41 per cent have expressed moderate level of satisfaction and only 12 per cent of the respondents have expressed low level of satisfaction. Similarly as regards Administrative and Other Charges made by the insurance companies 46 per cent have expressed high level of satisfaction. 41 per cent have expressed moderate level of satisfaction. 13 per cent of the respondents only are having low level of satisfaction.

Suggestions

1. In order to persuade people to take more number of policies, the corporation may introduce prize schemes and give aggressive publicity to these schemes. In addition to this, the corporation can also send communications to the existing policyholders frequently informing them about the introduction of new policies. Such communication will highlight the salient and distinguished features of new schemes. This is bound to motivate them to invest more in Life Insurance policies.
2. At least once in a year, the corporation must send a statement of premium received, bonus up-to-date credited and the latest bonus rates declared, to all policyholders. This would avoid lapse of policy to some extent.
3. More new products and services should be innovated through financial engineering process to tap rural and social sectors.
4. To retain old customers and to attract new customer's products with adds-on features should be introduced besides attractive advertisements.
5. To reach out more customers, tie-ups with companies, in various sectors can be arranged to cover the insurance needs of their employees.
6. The existing competition can be tackled with prudent planning by reducing the rates of premium, increasing bonus rates and quality of services to policyholder's agents and development officers.
7. The procedure to be followed for obtaining loan on policies is very complicated. There are too many documental procedures to be followed causing inordinate delays in getting the claims. To avoid such problems the corporation should open a separate section to deal with the claim, so that the hurdles in getting the loan quickly may be removed.
8. There must be good incentive schemes to be designed as these can act as good motivators for the agents. The scheme of permanent job placement must be introduced for those agents who have shown extra ordinary performance.
9. The study shows that the claims of the policyholders are not being settled promptly and quickly for want of documents and certificates in death claims. The corporation must take requisite steps to remove the constraints, obstacles and hindrances that arise in quick disposal of claims.
10. Premium notice may be sent showing the amount of premium paid till date to facilitate the policyholders to avail of policy loan. Policy loan and interest dues may also be incorporated in the premium notices. Loan facility may be extended to all the sections of the society instead of limiting its sanction to employees and IT assesses.

Conclusion

Life Insurance cannot afford to lose sight of its social relevance and shy away from its social responsibilities. It has to constantly study the emerging needs of the market, arising due to the change in the value of social life. Demographic changes also produce the different needs amongst the population. The contribution to the nation building through strengthening the economy of a country, improvement of the health care facilities, education as well as employment shall go a long way to ultimately improve the quality of the life of individual members of the society. Investment in infrastructure project shall set the country on a road to the progress one hand and create goodwill and favourable organizational image in the minds of public on the other hand. Life insurer will also have to play a role for encouraging development of technology and make its effective use by enhancing the matching skills of inside public. LIC of India

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