

A Study on Service Quality Of Life Insurance Corporation

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Abstract

First and foremost human beings think life is to secure so the life insurance helps a lot. Life Insurance Corporation is one of the leading public sector companies that hold largest number of policies in the world to suit different financial requirement of an individual. Now-a-days there are many insurance companies and the public limited companies are the best invest in order make safety of the amount and also the life of a person. The successes of the insurance companies depend on the awareness among policyholders about insurance products and satisfaction of the policyholders regarding services rendered by the insurance company In addition, suggested improvements in the service quality are required to be focused by LIC to retain potential customers, gain a competitive advantage, increase its market share and profitability, and to ensure its sustainability especially in the developing countries like India. This study was made an attempt to understand the life insurance policyholders' perception, satisfaction and the service quality offered by LIC.

Key words: Life Insurance Corporation, policyholders, service quality.

Introduction

The liberalization of Indian economy ushered in an era of competitive marketing leading to the radical changes in the entire gamut of products and services In the huge service sector, insurance sector is one of the most important entities which has been growing relatively fast in India. At present there are twenty major players in the Indian life insurance industry out of which Life Insurance Corporation is one of the leading public sector companies that holds largest number of policies in the world to suit different financial requirement of an individual.

The concept of insurance is that of a contract between two parties, the “insurer” and the “insured”, where the insurer agrees to pay the insured for any financial loss arising out of any unanticipated events in return for a regular payment of a pre-determined sum of money termed “premium”. Life insurance provides both safety and protection to individuals and encourages savings. The beneficiaries get the money from the policy if something happens to the insured they are not parties to the contracts. The beneficiaries can be changed by the owners if it is permitted in the contracts.

Review of Literature

Prakash and Sugumaran (2014) assessed the perception and expectations of customers in Servqual parameters with reference to Life Insurance Companies in Chennai, India. The sample size of the study was 150. They have used stratified random sampling technique. The factors which are significant are Communications, Competence, Reliability, Security and Courtesy and the expectation levels of these dimensions are significantly higher.

Kuldheep Chaudhary et al., (2014) examined the Expected and Perceived Service Quality in Life Insurance Corporation of India. The findings suggested that there exist a significant negative gap in service quality expected and perceived by the customers of the selected company

Thirumaran et. al (2012) has found that insurance companies in India are vital for one's saving purpose. He made a study on to know the awareness level of customers about insurance products, factors influencing the selection of Insurance products. The study revealed that the beginning of 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. Better services, individual attention and pure transparency have given the private sector an upper hand.

Statement of the Study

Life is full of risk and uncertainties. Since we are the social human beings we have certain responsibilities too. Indian consumers have big influence of emotions and rationality on their buying decisions. They believe in future rather than the present and desire to have a better and secured future. In this direction life insurance services have its own value in terms of minimizing

risk and uncertainties. Insurance industry is a service-oriented unit. It renders services like providing space, displaying adequate information, maintaining suggestion box and so on to the beneficiaries. It is essential that insurance schemes should attract and satisfy the beneficiaries in different ways. Life insurance has today become a mainstay of any market economy since it offers plenty of scope for garnering large sums of money for long periods of time.

Study Objectives

The present study has the following objectives,

1. To know the factors that influenced the policyholders to take the policy.
2. To assess and analyze the service quality perceptions of customers.
3. To ascertain the policyholders' level of satisfaction relating to services of LIC.

Hypotheses of the Study

Ho: There is no significant association between occupation and satisfaction about quality service of LIC.

H1: There is a significant association between occupation and satisfaction about quality service of LIC.

Research Methodology

Research methodology is a way to systematically solve the research problem. Sagara Taluk of Shivamogga district has been chosen as the study area. For the purpose of study both primary and secondary data are being collected. Primary data has been collected from 50 policy holders in the study area with the help of well structured interview schedule. Secondary data has been collected from various websites, journals and books. Convenient sampling method is used while drawing the sample. The collected data has been analyzed and interpreted with the help of various statistical tools like percentage, weighted rank, chi-square, to draw conclusion.

Data Analysis

The data collected from sample of 50 policy holder have been analyzed and presented under this heading. The data is first presented in tabular form representing the different responses given by the policyholders. Then analysis is done using following statistical tools such as Frequency Analysis, Percentage, Weighted Rank, Chi-square Test.

Table 1- Demographic Profile

Parameter	Frequency	Percentage
Age		
Below 20 years	3	06.00
21-30 years	20	40.00
31-40 years	23	46.00
Above 40 years	4	08.00
Total	50	100
Gender		
Male	33	66.00
Female	17	34.00
Total	50	100
Literacy level		
Upto SSLC	7	14.00
PUC	9	18.00
Graduates	21	42.00
Post graduates	8	16.00
Professional	5	10.00
Total	50	100
Occupation		
Salaried	23	46.00
Business	14	28.00
Profession	3	06.00
Retired	6	12.00
Home maker	4	08.00
Total	50	100
Monthly Income		

Less than 15,000	6	12.00
15,001 – 30,000	29	58.00
30,001-45,000	10	20.00
Above 45,001	5	10.00
Total	50	100
Marital Status		
Married	32	64.00
Unmarried	18	36.00
Total	50	100

Sources: Field Survey

Table 1 clearly explains the demographic profile of the respondents and it helps to reveal that majority 46.00 per cent of the respondents are from the age group of 31 – 40 years, the present study has 66 per cent of male respondents, 42 per cent of the respondents are completed their under graduation, 46 per cent respondents are salaried personals, 58 per cent of respondents are earning the monthly income between Rs. 15,001 – Rs. 30,000 , 64 per cent of respondents are married people and above all this table gives an idea that the present study was focused targeted people at the maximum to measure the service quality level of Life Insurance Corporation.

Table 2 - Person Influencing to Selection of Insurance Policy

Person	Frequency	Percentage
Agents	50	100.00
Advertisements	05	10.00
Friends and relatives	36	72.00
Neighbors	24	48.00
Self	10	20.00

Sources: Field Survey

Table 2 helps to reveal the person influencing the selection of insurance policies, based on this study Agents are influencing 100 per cent to the selection of insurance policies when compare with other factors like Advertisement 10 per cent Friends / Relatives 72 per cent and Neighbors 48.00 per cent, self decision 10 per cent.

Table 3 - Factor Influence to Choose Particular Insurance Policy

Factors	Frequency	Percentage
Brand Name	4	08.00
Reasonable Premium	10	20.00
High Return on Investment	4	08.00
Risk Coverage	8	16.00
Good Schemes	2	04.00
Tax Benefits	9	18.00
Safety	9	18.00
Loan Facility	1	02.00
Proper Claim Settlement	3	06.00
Total	50	100

Sources: Field Survey

Table no. 5 clears most important factors adopted by the respondent while selecting a policy. Good numbers of respondents are said reasonable premium, tax benefits, risk coverage are most considerable factors. It is inferred from that an individual choose the policy based on his own perceptions in order to satisfy his/her needs.

Table 4 - Reasons for Taking Insurance Policy

Reasons	Rank
Reduce risk	I
Savings	III
service quality	IV
Enhance the standard of living	V
Tax saving scheme	II

Sources: Field Survey

Table 4 helps to find out the reasons for taking life insurance policy, there are five factors taken for the present study among those factors reduce risk got first reason with first rank, second rank given to tax saving scheme, third rank given to savings, fourth rank given to service quality, fifth rank given to enhance the standard of living. Rank is given on basis of respondents response to most and least preferable factors.

Table 5 - Service Qualities Dimension of LIC

Particulars	Frequency	Rank
Assurance	50	I
Reliability	40	III
Tangible	20	V
Empathy	30	IV
Responsive	45	II

Sources: Field Survey

Table 4 which shows status of service quality in LIC. The respondents’ perception about the LIC service was measured by the five dimensions and it ranked. All 50 respondents’ opinion that the LIC inspire the trust and confidence among the customers, 45 respondents are highly satisfied with LIC’s services in terms of dealing customers’ requests, complaints and problems, 40 respondents are happy with that LIC’s reliability. Further, 30 respondents stated LIC shows empathy, 20 respondent’s belief that LIC is having good tangibility.

Table 6 - Level of Satisfaction towards Services

Level of Satisfaction	Frequency	Percentage
Highly satisfied	13	26.00
Moderately satisfied	29	58.00
Undecided	5	10.00
Dissatisfied	3	06.00
Total	50	100

Sources: Field Survey

Table 6 predicts satisfaction level towards service, Most of the respondents 58.00 per cent are moderately satisfied with services of LIC in the study area, about 26.00 per cent of the respondents registered their satisfaction at a higher level, 10 per cent are undecided and remaining 06.00 per cent of the respondents expressed low satisfaction levels with LIC services.

Hypothesis Testing

Researcher framed the hypothesis as “there is no significant relationship between occupation and their level of satisfaction about service quality”. This hypothesis has been tested with the help of chi-square test.

Table 7 - Occupation and satisfaction about Service Qualities

Occupation	Satisfaction level							
	Highly satisfied		Moderately satisfied		Undecided		Dissatisfied	
Salaried	8	0.73	12	0.13	2	0.04	1	0.10
Business	3	0.11	7	0.15	2	0.26	1	0.03
Profession	2	0.74	1	0.31	0	0.3	1	3.73
Retired	0	1.56	5	0.66	1	0.27	0	0.36
Home maker	0	1.04	4	0.14	0	0.4	0	0.24

Sources: Field Survey

Degree of freedom (df) = **12**

Calculated Chi Square value = **11.3**

Chi square value at 5 % significance level = **21.3**

Inference: As the calculated value is less than the table value at 5% level of significance, it can be inferred “there is no significant association between occupation and level of satisfaction about service quality” is accepted.

Findings

1. Majority of the respondent who are graduates they got information from agent and friends for investing on insurance policy.
2. Affordable Premium is the predominant factor to choose the Policy.
3. To hedge the risk policy holders purchase policy through LIC.
4. About LIC assurance and reliability the investors have confidence.
5. The benefits and features provided by LIC are the prime factors behind the satisfaction of policy holders.

Conclusion

Current scenario, a person has to be insured in order to protect himself and also his family members. Now-a-days there are many insurance companies and the public limited companies are the best invest in order make safety of the amount and also the life of a person. In India, the opened economic policy for the insurance industry has increased competition for players in the insurance industry. The oldest and leading public sector insurance companies like LIC in India are facing very stiff competition from the new players entering the market. In addition, in case of the insurance sector the reference group plays a vital role. So keeping this aspect in consideration, leading insurance players should focus on service quality. Service quality can be used as a strategic tool to get a competitive advantage over challenging insurance providers.

LIC should focus on assurance and tangibility to further strengthen the level of service quality. The perceptions are quite positive and that will help LIC. We can say that policyholders of LIC are moderately satisfied with diverse aspects of services. But there is scope for improvement in majority cases.

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