

CONSUMER SATISFACTION FROM PRODUCT AND POLICIES OF LIFE INSURANCE CORPORATION OF INDIA

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ABSTRACT

After independence various life insurance companies were nationalized and merged into single company. In the special act of parliament in 1956 all insurance company was formed. Due to changing economic policies and under the influence of world economic policies IRDA was created in 2000 for governing body of all insurance companies (public and private) in the India. Life insurance Corporation of India (LIC) is the India's largest Insurance organization. In other word Life Insurance Corporation (LIC) has monopoly of all Life Insurance Company those who are running present time in India. LIC has a good faith in market against to private insurance company. The people are join the LIC as a policy holder they are full of confidence and assure that "*LIC jindagi ke saath bhi aur jindgi ke baad bhi*". Day to day LIC becomes a loyal corporation in Indian context. In the case of Maturity Benefit, Variety of the plan according to consumer needs, and Death Claims; Consumer satisfaction is the main objective of LIC and achieves consumer loyalty. If the customers of Life Insurance Corporation are satisfied and happy, in this situation they become loyal to the LIC. In this research paper the main focus on consumer satisfaction in reference to Life Insurance Corporation of India.

KEYWORDS: IRDA, LIC, Consumer Satisfaction, Consumer Loyalty, Insurance and Policy.

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INTRODUCTION

Insurance give you protection against the possible chances of generating uncertain losses. It eliminates worries and miseries of losses or destruction of property and death. Life insurance is a contract between you and a life insurance company, which provided you death benefits during the contract term. Buying insurance is extremely useful if you are the principal earning member in the family unfortunate premature demise, your family can remain financially secure because of the life that you have purchased. The primary purpose of Life Insurance is therefore protection of the family in the even Insurance is also seen as a tool to plan effectively for your future years.

Retirement Plan, children's future needs. Today, the market offers insurance plans that not just cover your need but same time grow your wealth too. If you have dependents and financial responsibilities toward them, then you certainly need. Having a family means dependent, which in turn means financial commitments. Finance comes in the form of loans, children's education, medical expenses etc. Imagine what would happen if you were to lose your life suddenly or become disabled being insured in a situation like this is a necessity. When you insured your life, in effect what you are doing insuring your earning capacity that your dependents will be able to continue living without financial hardships even in case most Insurance Plans available today come with a savings element built into it. These policies not only for a financially independents future, which were have a comfortable retirement.

In the current scenario life was not designed to be risk free. The key is not to eliminate risk, but to estimate it accurately and manage it wisely. Insurance sector have characteristic that give can boost to the growth of any economy .it is due to the savings done at the individual level and at micro level it generates funds for infrastructure building as the cash flow is constant while the payout is differed, so that the insurance companies are becoming biggest investors in long gestation infrastructure development projects and hence have a great Importance to the developing economy like India.

Life Insurance Corporation (LIC) came into existence on 1st September 1956 through the amalgamation of 154 Indian insurance companies, 16 non-Indian companies and 75 provident. The amalgamation was achieved with the help of Life Insurance Act passed by the Parliament on the 19th of June 1956. The LIC was created with the goal of reaching all the insurable people in the country and providing them financial coverage at a reasonable price.

In the year 1956, LIC had 5 zonal offices, 33 divisional offices and 212 branch offices, apart from its corporate office in the year 1956. Since life insurance contracts are long term contracts and during the currency of the policy it requires a variety of services need was felt in the later years to expand the operations and place a branch office at each district headquarter. Re-organization of LIC took place and large numbers of new branch offices were opened. As a result of re-organization servicing functions were transferred to the branches, and branches were made accounting units.

REVIEW OF LITERATURE

According to Babita Yadav in 2011 Customers were the main pillars of any business and customer service is the critical success factor in a company and providing outstanding customer service differentiates great customer service from indifferent customer service. Customers today are more demanding and expecting high standards of service and value satisfaction. If all the players in the life insurance industry focus on the effective delivery of services they could win the hearts of customers and anticipate their increased market share.

According to Keerthi and Vijayalakshmi in 2009 The SERV-QUAL has a variety of potential applications. It can help a wide range of service and retailing organizations in assessing consumer expectations about and perceptions of service quality. It can also help in pinpointing areas requiring managerial attention and action to improve service quality.

According to Parasuraman A. Valarie et al in 1988 accepted forms of quality were central to the modern concept of marketing of services. Customer service assumes vital importance in the marketing programmes of all modern organizations including service organizations. LIC need to improve its service quality to meet changing demands and expectations of customers.

OBJECTIVE OF THE STUDY

- To study the impact of IRDA over the consumer satisfaction.
- To study the ratio of changing market share of Insurance sector.

RESEARCH METHODOLOGY

Research Design: It is a descriptive and primary as well as secondary data based research study will be carried out which are concerned with describing the various characteristics like Product Knowledge, Product Information and Satisfaction Level of a particular individual Customer of Life Insurance Corporation of India. Impact of private players in Life insurance sector and their satisfaction level after sales services.

Sampling Design: It is a definite plan for obtaining a sample from a decided population. The decided population is Customers of Life Insurance Corporation of India those already purchased the various Products(Policy) of Life Insurance Corporation of India.

Place of Study: This study was conducted in the Customers Life Insurance Corporation of India from the Allahabad District.

Sampling Unit: The sampling unit is the area or field from where the sample will be collected. In this study the sample units are Customers Life Insurance Corporation of India from the Allahabad District.

Sampling Size: Sample of this study is the Customers Life Insurance Corporation of India.

The total sample size was 200.

To know the impact of private players on marketing of LIC

After privatization there were more than five private life insurers who launched more than 40 new products. It is worth noting that LIC also launched 42 new products. Thus, after the entry of private insurers flow of new products was very high. It is also worth noting that new products launched by private players carried innovative features for the benefit of the customers. For e.g. BSLI introduced the concept of free look period, benefit illustrations, first online term plan to an innovative category of products like ULIP's and highest daily NAV guarantee plans. In terms of product completeness BSLI broad based the portfolio by introducing several traditional products across various customer segments. Bajaj Allianz also introduced wide range of customized products as per the requirements of the customers. To cater consumer's needs about protection against risk factor, provision for future, old age provision, by launching whole life plans, Endowment plans, Term insurance plans and pensions plans over a period. Every year by taking market review it introduces new innovative plans and also withdraws those plans which have less market response. In order to cope up with these efforts of the private companies, LIC of India has also changed its product features to meet the varied need of the customers. It has also introduced ULIP's in market.

DATA INTERPRETATION AND ANALYSIS

Table no. 1.

| Age group | No. of respondents |
|--------------|--------------------|
| 25- 35 | 40 |
| 36 - 45 | 82 |
| 46 - 60 | 70 |
| Above 60 | 8 |
| Total | 200 |

Source: primary data

Maximum insurance holder is in the age group is 36 to 45 years and their percentage is 41 % so that we say the policy holder in Allahabad district is 82.

Table no. 2.

| Gender | No. of respondents |
|--------------|--------------------|
| male | 140 |
| female | 60 |
| Total | 200 |

Source: primary data

In the table number 2 show that maximum LIC holder in the Allahabad district is Male customer and their percentage is 70.

Table no. 3.

| Occupation | No. of respondents |
|------------|--------------------|
| Service | 76 |

| | |
|---------------|-----|
| Self-employee | 30 |
| business | 80 |
| House hold | 14 |
| Total | 200 |

Source: primary data

Answer of the occupation result is maximum policy holder is belongs to business sector that is 40 percentage. And the minimum is house hold in Allahabad district.

Table no. 4.

| Monthly income | No. of respondents |
|-------------------|--------------------|
| Up to 10,000 | 30 |
| 11,000 – 25,000 | 40 |
| 26,000 – 40,000 | 80 |
| 40,000 – 1,000000 | 50 |
| Total | 200 |

Source: primary data

In the table number 4 denote that income level, and the maximum income level in the range of Rs. 26,000 to Rs. 40,000 in the behalf of Allahabad district.

Table no. 5 Product Awareness of LIC

| Response | No. of respondents |
|--------------|--------------------|
| YES | 170 |
| NO | 30 |
| Total | 200 |

Source: primary data

Table number 5 show that product awareness of LIC and the answer comes that 170 people says that yes in Allahabad. This is the success of LIC in this district.

Table no. 6 Choice of the LIC Product

| LIC Plan | NO. OF RESPONDENTS |
|---------------------|--------------------|
| Insurance Plan | 100 |
| Pension plan | 8 |
| Unit linked plan | 60 |
| Term insurance plan | 22 |
| Whole life plan | 10 |
| Total | 200 |

Source: primary data

Table number 6 show that choice of the LIC product the respondents of Insurance Plan 100 people in the 200 respondents most preferred to take this policy in Allahabad district.

Table no. 7. It is necessary of Life Insurance

| Response | No. of respondents |
|--------------|--------------------|
| YES | 196 |
| NO | 4 |
| Total | 200 |

Source: primary data

In the table number 7 comes the response of necessary of life insurance, and the response is 98 percentages of the respondents says YES.

Table no. 8. Premium Payment Mode

| Payment Mode option | No. of respondents |
|---------------------|--------------------|
| Online | 6 |
| Directly | 140 |
| By Agent | 54 |
| Total | 200 |

Source: primary data

In the table number 8 the data show premium payment mode of the policy holder, and response is they pay directly 70 percentages in the LIC office in Allahabad district.

Table no. 9. Premium Payment Preference

| Premium type | No. of respondents |
|--------------|--------------------|
| Monthly | 30 |
| quarterly | 40 |
| Half yearly | 70 |
| Yearly | 60 |
| Total | 200 |

Source: primary data

Standard Deviation:-

$$1^{\text{st}} \text{ Step : Mean} = 30 + 40 + 70 + 60$$

$$= \frac{200}{4} = 50$$

$$\text{Mean} = 50 (\mu) \quad \text{So, } \mu = 50$$

$$2^{\text{nd}} \text{ Step : Subtract the mean and square the respondent } \sum (x_1 - \mu)^2$$

$$(30 - 50) = (-20)^2 = 400$$

$$(40 - 50) = (-10)^2 = 100$$

$$(70 - 50) = (20)^2 = 400$$

$$(60 - 50) = (10)^2 = 100$$

$$\{ 400 + 100 + 400 + 100 = 1000 \}$$

3rd Step : $\Sigma = 1000$

Variance = $\frac{1}{4} \times 1000 = 250$ [This value is called the variance]

$$\sigma = \sqrt{\frac{1}{N} \Sigma (x_1 - \mu)^2}$$

$$\sigma = \sqrt{250}$$

$$\sigma = 15.0831$$

Let us now calculate the “sample standard deviation”

Total population size is 200 and the sample premium Payment preference is 4 Let us counts are: 30, 40, 70, 60

“Sample standard deviation is :

$$S = \sqrt{\frac{1}{N-1} \Sigma (x_1 - \bar{x})^2} \quad \text{Where, } N = \text{Bessel's correction}$$

\bar{X} = Sample mean

μ = Population mean

S = Sample Standard Deviation

{ Step – 1 = Work out the mean $30 + 0 + 40 + 70 + 60 = \frac{200}{4} = 50$ }

$$\bar{X} = 50$$

Standard Deviation (S.D.)= 20.9831592

The convenient source getting insurance in surveyed data is divided into four categories – monthly, quarterly, Half-yearly and yearly the number of Respondent falling in each categories is 30, 40, 70 and 60. The mean value is 50 and median is 15.0831 and standard deviation of the frequency is 20.9831592

The table shows that the maximum no. of respondents falling of the frequency in premium payment preference is 70 and the percentage showing 35 percent it is shows the easily going preference in payment mode.

Table no. 10. Inspired for Investment in LIC

| Parameters | No. of respondents |
|-------------------------|--------------------|
| Good return | 50 |
| Service rented by Agent | 10 |
| Lone facilities | 40 |
| Tax benefit | 80 |
| Risk cover | 20 |
| Total | 200 |

Source: primary data

Standard Deviation:-

1st Step : Mean = $50 + 10 + 40 + 80 + 20$

$$\text{Mean} = \frac{200}{5} = 40$$

$$\text{Mean} = 40 \quad \text{So, } (\mu) = 40$$

2nd Step : Subtract the mean and square the respondent $\sum(x_1 - \mu)^2$

$$(50 - 40) = (10)^2 = 100$$

$$(10 - 40) = (-30)^2 = 900$$

$$(40 - 40) = (00)^2 = 00$$

$$(80 - 40) = (40)^2 = 1600$$

$$(20 - 40) = (-20)^2 = 400$$

$$\{100 + 900 + 00 + 1600 + 400 = 3000\}$$

3rd Step : $\sum = 3000$

Or Variance = $\frac{1}{5} \times 3000 = 600$ [This value is called the variance]

$$\sigma = \sqrt{\frac{1}{N} \sum(x_1 - \mu)^2}$$

$$\sigma = \sqrt{600}$$

$$\sigma = 24.5361$$

Let us now calculate the “sample standard deviation”

Total population size is 200 and the sample Inspired for Investment is 5 Let us counts are:

50, 10, 40, 80, 20

“Sample standard deviation is :

$$S = \sqrt{\frac{1}{N-1} \sum_x^n (x_1 - \bar{x})^2} \quad \text{Where, } N = \text{Bessel's correction}$$

$$\bar{X} = \text{Sample mean}$$

$$\mu = \text{Population mean}$$

$$S = \text{Sample Standard Deviation}$$

{ Step – 1 = Work out the mean $50 + 10 + 40 + 80 + 20 = \frac{200}{5} = 40$ }

$$\bar{X} = 40$$

$$S = \sqrt{\frac{1}{N-1} \sum x (x_1 - \bar{x})^2}$$

Standard Deviation (S.D.) = 50.91168825

Inspired for investment in LIC of the satisfaction is surveyed data divided into five section their respondent preferred what facilities they want to preferred the category got 25% in good return with 50 population from total population size and Tax benefit got 40% with 80 population from total population size in Tax benefit the category goes to 200 population size in the inspired for Investment in LIC from Allahabad district.

Table no. 11. Service Rating about LIC

| Service rating | No. of respondents |
|---------------------|--------------------|
| Highly Satisfied | 60 |
| Satisfied | 90 |
| Moderate satisfied | 40 |
| Dissatisfied | 8 |
| Highly dissatisfied | 2 |
| Total | 200 |

Source: primary data

When we ask about service rating about LIC 45 % of the respondent is satisfied. 60 percentages of the respondents are Highly Satisfied to take the LIC policy in Allahabad district.

Table no. 12. Most Preferred Insurance Company

| Insurance company | No. of respondents |
|-------------------|--------------------|
| Public (LIC) | 170 |
| Private | 30 |
| Total | 200 |

Source: primary data

In the table number 12 we conclude most preference insurance company in Allahabad district and the answer comes public sector (LIC) Most Preferred Policy Company in Allahabad district.

FINDINGS

1. The 90% of customers of the Life Insurance Corporation of India were satisfied with the Products and Services of Life Insurance Corporation of India. And 60 % of the LIC policy holder is Highly Satisfied of their services. And only 2 % of the policy holders are dissatisfied of the LIC.
2. Most of the 85% of respondents are Most Preferred Insurance Company Life Insurance Corporation of India due to the TRUST on Life Insurance Corporation of India and 15% of respondents are preferred private insurance company in Allahabad district.
3. 98% respondents are It is necessary of Life Insurance with the products of Life Insurance Corporation of India and THINK INSURANCE IS ESSENTIAL for life, but those are in

SERVICE with monthly income Rs. 26,000 – 40,000 mostly purchased the various Life Insurance in Allahabad district.

4. There are 15% respondents prefer MONTHLY PREMIUM PAYMENT, 30% respondents prefer YEARLY PREMIUM PAYMENT and 35% respondents prefer HALF YEARLY PREMIUM PAYMENT.
5. There are 27% respondents' uses THROUGH AGENT mode for Premium Payment, while 70% respondents use direct mode for Premium Payment in Allahabad district.

CONCLUSION

With the help of IRDA supervision on the insurance company Indian government is fully support to insurance company, and they regulate the service in India. LIC is the most favors policy taken by the customer in Allahabad. Most of customer's objective behind purchasing Insurance Policies of Life Insurance Corporation of India was To Cover Risk. So Life Insurance Corporation of India tries to change that objective and attitude of customers toward Insurance Policies as a Future Investment & Long Term Benefit. The customers of Life Insurance Corporation of India expect better service and good benefits on their Investment. So Life Insurance Corporation of India should try to give good service and benefit to the customers in long term.

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