

Problems Faced by the Policyholders in Insurance Companies with Special Reference to LIC & ICICI Prudential in Chennai City

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ABSTRACT

Insurance companies play a vital role in the economy. This study deals with the problems faced by the policyholders among the insurance companies. The research mainly concentrates on the dimensions such as problems of policyholders like do not have adequate knowledge, no proper clarification and negative attitude of the advisor. The primary data for the research work was collected through the structured questionnaire. A sample of 100 policyholders was taken for this research purpose. The main intention of this paper is to impart the level of problems faced by the policyholders among the insurance companies. The study reveals that the private sector has done its best to canvas the people by door to door in village and urban campaigns. The private Life Insurance companies put its efforts it becomes the boon for the LIC to increase its business in the Indian market. It is seen that most of the customers preferred to opt LIC over the other private insurer.

1. INTRODUCTION

India is a dynamic country because all sectors have significantly been transformed into the positive trends. Among these sectors, financial markets have considerably contributed to increase national income of the country. Insurance is one of the most important fragments of financial markets. In India insurance sector is not only playing a role as the financial system but also has a significant socio-economic function of providing, risk coverage to the poor population. By the opening of the Indian insurance market, competition has become powerful. Each company is trying to persuade customers to have large portions of the market share. But with the exception of a few companies, most of the new insurance companies are struggling to survive in the market. The importance of insurance is still in the nascent stages in India. Nearly 80 percent of Indian population is without Life insurance coverage and the Health insurance, the penetration rates of health and other non-life insurances in India are also well below the international level. Larger number of life insurance policies in force in the globe, insurance happens to be a key factor in India. The growth rate of Life Insurance Company is 15 to 25 percent per annum when compared to banking sectors. It appends to 7 per cents to the country's GDP (**Economic Survey of India, 2013**).

2. OBJECTIVES OF THE STUDY

- To describe the problems of policyholders on LIC and ICICI in Chennai city.
- To identify the major problems faced by the policyholders through life insurance companies.

3. REVIEW OF LITERATURE

Fan and Cheng (2006) suggested that life insurance companies need to train their sales representatives to an adequate standard in competencies of problem solving, communication,

information technology utilization, culture compatibility, emotional intelligence, collective competence and ethics.

Kirtilal G. Judal and Rajendra V. Raval (2012) found that there were about 30 per cent customers in the sample, who said their decision regarding LIC policy were taken by their agents. Only 50 percents were taking their own decision. Despite of the dissatisfaction with agents, the majority of the customers was satisfied with the overall service provided by LIC. Hence the majority of the customers didn't invest in other companies.

Mohana Kumari and Murty (2013) found that the employees of LIC are always busy with respond to the requests of customers/ policy holders. It is found that the majority of the customers feels safe and expressed their happiness in their transactions with LIC. It is found that the negligible portion of the employees in LIC didn't pay personal attention to the problems of customers. It is found that the negligible portion of the employees in LIC didn't have the knowledge of all the policies of LIC.

4. RESEARCH METHODOLOGY

A descriptive research design taking a survey approach was used. The target population of this study consisted of policyholders among insurance companies in Chennai city. A Sample of 100 policyholders was collected through Convenience sampling method. The data was collected using a well-structured questionnaire through personal interviews and emails. The data analysis tool used was the Statistical Package for Social Sciences (SPSS) and presented in the form of frequencies and percentages, in tables.

5. DATA ANALYSIS AND INTERPRETATION

A well-structured questionnaire has been prepared and it has been circulated to 100 policyholders to collect the relevant information. All details collected are compiled and a master table has been prepared. Based on the master table, relevant issues have been described in this chapter.

AGENT / ADVISER ARE CONCERNED MOSTLY TO ACHIEVE THE TARGET WITHOUT CONSIDERING REQUIRED SERVICE

NATURE OF INSURANCE POLICY HOLDINGS	AGENT HAVE TARGET PROBLEM		TOTAL
	YES	NO	
LIC	5	33	38
	13.16%	86.84%	100%
ICICI Prudential	22	10	32
	68.75%	31.25%	100%
Total	27	43	70
	38.57%	61.43%	100%

Source: Computed data

TABLE NO 1

It reveals from the above table that 13.16% of the LIC customer encounters the problem of agent / adviser and 86.84% of the customers do not face such problems whereas in ICICI Prudential 68.75% of customers are facing the problem and 31.25% of the respondents neglect the problem face by the agent / adviser due to their target achievement.

AGENT / ADVISER DO NOT HAVE ADEQUATE KNOWLEDGE TO THE PARTICULAR POLICY

NATURE OF INSURANCE POLICY HOLDINGS	INADEQUATE KNOWLEDGE PROBLEM		TOTAL
	YES	NO	
LIC	7	31	38
	18.42%	81.58%	100%
ICICI Prudential	20	12	32
	62.50%	37.50%	100%
Total	27	43	70
	38.57%	61.43%	100%

Source: Computed data

TABLE NO 2

From the above table it is found that 18.42% of the LIC respondents face the problem of agent / adviser without adequate knowledge of their policies and 81.58% of the customer not facing the problem. Similarly in ICICI Prudential, 62.50% of the customers face the problem of agent/advisers without adequate knowledge of their policies and 37.50% of the customer not facing the problem.

NO PROPER CLARIFICATION OF DOUBT FROM AGENT / ADVISOR

NATURE OF INSURANCE POLICY HOLDINGS	DOUBT CLARIFICATION		TOTAL
	YES	NO	
LIC	11	27	38
	28.94%	71.06%	100%
ICICI Prudential	23	9	32
	71.88%	28.12%	100%
Total	34	36	70
	48.57%	51.43%	100%

Source: Computed data

TABLE NO 3

It is clear from the above table that 28.94% of the LIC customers possess the problem faced because of no proper clarification by the agent / advisor and 71.06% of the customer do not face the problem and in ICICI Prudential 71.88% of the respondents facing the problem and 28.12% of the customer not facing the problem.

NEGATIVE ATTITUDE OF THE INSURANCE OFFICIAL

NATURE OF INSURANCE POLICY HOLDINGS	NEGATIVE ATTITUDE OF THE INSURANCE OFFICIAL		TOTAL
	YES	NO	
LIC	3	35	38
	7.89%	92.10%	100%
ICICI Prudential	18	14	32
	56.25%	43.75%	100%
Total	21	49	70
	30.00%	70.00%	100%

Source: Computed data

TABLE NO 4

Above table reveals that 7.89% of the LIC customer facing problem from insurance official due to their negative attitude and 92.10% of the customer not facing the problem. However in ICICI Prudential found that 56.25% of the customer facing such problem and 43.75% of the respondents do not face the problem.

NEGATIVE ATTITUDE OF THE ADVISOR

NATURE OF INSURANCE POLICY HOLDINGS	NEGATIVE ATTITUDE OF THE ADVISOR		TOTAL
	YES	NO	
LIC	4	34	38
	10.53%	89.47%	100%
ICICI Prudential	19	13	32
	59.38%	40.62%	100%
Total	23	47	70
	32.86%	67.14%	100%

Source: Computed data

TABLE NO 5

It is noted from the above table that 10.53% of the LIC customers facing the problem from the adviser due to their negative attitude and 89.47% of the customers do not facing the problem. Similarly in ICICI Prudential reveal that 59.38% of the customer facing such problems and 40.62% of the customer do not face the problem.

DIFFICULTIES TO CONTACT OR MEET THE INSURANCE OFFICIAL / AGENT

NATURE OF INSURANCE POLICY HOLDINGS	DIFFICULTIES TO CONTACT		TOTAL
	YES	NO	
LIC	10	28	38
	26.32%	73.68%	100%
ICICI Prudential	27	5	32
	84.38%	15.62%	100%
Total	37	33	70
	52.86%	47.14%	100%

Source: Computed data

TABLE NO 6

It is evident from the above table that 26.32% of the LIC customer facing the problem to meet the insurance official / agent and 73.68% of the respondents are not facing such problem. But in ICICI Prudential found that 84.38% of the respondents facing the problem to meet / contact the insurance official / agent and 15.62% of the customers are not facing such problem.

PENALTY FOR LATE PAYMENT OF PREMIUM

NATURE OF INSURANCE POLICY HOLDINGS	PENALTY OF LATE PAYMENT OF PREMIUM		TOTAL
	YES	NO	
LIC	8	30	38
	21.05%	78.95%	100%
ICICI Prudential	24	8	32
	75%	25%	100%
Total	32	38	70
	45.71%	54.29%	100%

Source: Computed data

TABLE NO 7

It is noted from the above table that 21.05% of the LIC customer facing the problem of due to penalty of late payment and 78.95% of the customer not facing such problem. Similarly in ICICI Prudential reveals that 75% of the customer facing the problem of due to penalty of late payment and 25% of the customers are not facing such problem.

THE PERIOD FIXED FOR THE SURRENDERED POLICY IS TOO LENGTHY

NATURE OF INSURANCE POLICY HOLDINGS	LENGTHY PERIOD FOR THE SURRENDERED POLICY		TOTAL
	YES	NO	
LIC	11	27	38
	28.95%	71.05%	100%
ICICI Prudential	29	3	32
	90.63%	9.37%	100%
Total	40	30	70
	57.14%	42.86%	100%

Source: Computed data

TABLE NO 8

It reveals from the above table that the period for the surrendered policy is too lengthy for 28.95% of the LIC customers and on 71.05% of the customer it is not a problem at all. On the other hand in ICICI Prudential 90.63% of the customers, the period for the surrendered policy is too lengthy and on 9.37% of the customers it is not a problem at all.

AFTER ACQUIRING THE POLICY, MEETING / MAINTAINING THE RELATIONSHIP WITH THE SAME AGENT FOUND TO BE VERY HARD

NATURE OF INSURANCE POLICY HOLDINGS	AGENT BEHAVIOURAL PROBLEM		TOTAL
	YES	NO	
LIC	6	32	38
	15.79%	84.21%	100%
ICICI Prudential	30	2	32
	93.75%	6.25%	100%
Total	36	34	70
	51.43%	48.57%	100%

Source: Computed data

TABLE NO 9

From the above table it is found that 15.79% of the LIC customers facing the problem of agent behavioural and 84.21% of the customer do not face the problem. But in ICICI Prudential found that 93.75% of the customer facing the problem of agent behavioural and 6.25% of the customer do not face the problem.

6. CONCLUSION

The customer's satisfaction is the most important strategy of life insurance companies. The extremely satisfied customers of a life insurance company will act as a loyal apostle of that company, buy their policies from that company alone, retain over there and spread positive comments about the company to others. On the other hand if the customers are dissatisfied with the company, withdrawal or surrender of policy and behavioural problems will be found from policyholders.

The private sector has done its best to canvas the people by door to door and village to village campaigns. The private Life Insurance companies put its efforts it becomes the boon for the LIC to increase its business in the Indian market. It is seen that most of the customers preferred to opt LIC over the other private insurer. It is due to LIC being the only life insurance company started before the year 2000. Being trusted with lots of people it has a big share in the corporate sector.

7. REFERENCE

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