

Impact On Policyholder's Approval in Life Insurance Corporation Of India At Chennai District

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ABSTRACT

The business of insurance is related to the protection of the economic value of assets. Every asset has a value. The assets have been created through the efforts of the owner who expects to get value out of them, when unexpected events take place. The benefits may be in the form of compensation. Insurance is a mechanism that helps to reduce the effects of adverse situations and indemnity to the insured for any loss incurred. Insurance is a social device whereby the risks of individuals may be minimized and security is provided to them by the insurance companies either one time contribution or periodical contributions. This study is fully concerned with policyholder's satisfaction with special reference to Life Insurance Corporation in India at Chennai district. The study will be able to reveal the preferences, needs, satisfaction of the customers regarding the insurance services, It also help insurance to know whether the existing products or services are offering really satisfying the customers' needs.

1. INTRODUCTION

The business of insurance is related to the protection of the economic value of assets. Every asset has a value. The assets have been created through the efforts of the owner who expects to get value out of them, when unexpected events take place. The benefits may be in the form of compensation. Insurance is a mechanism that helps to reduce the effects of adverse situations and indemnity to the insured for any loss incurred. Insurance is a social device whereby the risks of individuals may be minimized and security is provided to them by the insurance companies either one time contribution or periodical contributions. In India, Insurance is a flourishing industry, with several national and international players competing and growing at rapid rates. Thanks to reforms and the easing of policy regulations, the Indian Insurance sector has been allowed to flourish and as Indians become more familiar with different insurance products, this growth can only increase; the period from 2010-2015 projected to be the 'Golden Age' for the Indian Insurance industry. According to a Forrester survey, 88% of the Life insurance executives responding, identified agents as the primary channel of distribution.

In the new economic reality of globalization, insurance companies face a dynamic global business environment. Radical changes are taking place owing to the internationalization of activities, the appearance of new risks, new types of covers to match with new risk situations, and unconventional and innovative ideas on customer service. Low growth rates in developed markets, changing customer needs, and the uncertain economic conditions in the developing world are exerting pressure on insurer's resources while testing their ability to survive. The existing insurers are facing difficulties from non-traditional competitors who are entering the retail market with new approaches and through new channels.

2. IMPORTANCE OF THE STUDY

Consumers' satisfaction" is the major focus of any marketer, whether marketing tangible products or intangible services. Life insurance, as a service and intangible in nature could be sold, only if the buyers are satisfied with the service. How far the customers are satisfied or to what extent customers can be delighted? These are the concerns of the insurance providers. By understanding the level of consumer's satisfaction, the marketer can take measures, to retain the existing ones and to secure fresh customers, Hence this study in detail way, to find out the extent of satisfaction of policyholders of Life Insurance Corporation.

3. STATEMENT OF THE PROBLEM

Insurance sector, as a whole has contributed to the development of economy through generation of employment opportunities, acceleration of industrial growth etc. Although Life insurance Corporation of India has its own significance and place in the economy, it is not free from problems. Customer satisfaction is the true differentiator for the success of any business and is more so in insurance, where the products are perceived to be intangible. The three main aspects i.e. awareness level, service quality, satisfaction level of policyholders. Studying the policyholder's behaviour and analysing the existing marketing strategies of LIC of India with reference to various products offered by the company along with plans and policyholders satisfaction will be of social relevance in the present context.

4. OBJECTIVES OF THE STUDY

- To understand the perception on Customer Relationship activities of LIC.
- To identify the factors influencing policyholders satisfaction in LIC products.
- To give suggestions to LIC for improving policyholders expectations and satisfaction level.

5. SCOPE AND SIGNIFICANCE OF THE STUDY

The scope of the study lies in finding out the perception of customers in Chennai District, The study will be able to reveal the preferences, needs, satisfaction of the customers regarding the insurance services, It also help insurance to know whether the existing products or services are offering really satisfying the customers' needs. Through responses taken by 300 policyholders during a period of five years and highlighting the key areas which require some concern on part of LIC of India and improving upon which the company may strengthen its customer base. The present study, analysis, findings, suggestions and conclusion proposed by the present researcher will be of immense use for future researcher with similar studies in insurance market. High quality products with quality support services both in terms of international standards and competitiveness have entered into our country. Customer satisfaction has emerged as the key differentiator and defining attribute. The study is very much significant because it brings out the differences in various parameters like awareness level, service quality, satisfaction level of policyholders investment products of LIC and these are the main attributes to build up the customer perception and loyalty towards a company. The study is significant because it will help LIC to create a positive impact on its customers by working on its lacking qualities.

6. RESEARCH METHODOLOGY

SAMPLING DESIGN

The universe for the study is comprised of the policyholders of LIC in Chennai District. The sample, policy holders were picked from sample frame, listed by the three branch managers and five agents. The sample was then grouped as urban and rural clusters. In each cluster, a sample of 150 policyholders was approached at the convenience of the researcher and the policyholders. The necessary data were collected from the 300 policyholders in all.

AREA OF THE STUDY

The location selected is at Chennai District in Tamilnadu.

PERIOD OF THE STUDY

The study covers recent five years from 2013 to 2019 for analysis of secondary data relating to various aspects of marketing in Life Insurance Corporation of India. The primary data relating to the opinion of policyholders of Lie of India have been collected during the last year of the study 2018-2019.

RESEARCH DESIGN

The Researcher used convenience descriptive research design to study the service quality, awareness level, satisfaction level and its key dimensions in life insurance sector. The questionnaire was divided into two sections. In the first part information related to different socio-economic and demographic criteria like income, age, profession, educational qualification, etc. were collected. In the second part, respondents were asked to evaluate parameters on awareness level, satisfaction level, and service quality, relevant to insurance product of Lie on a 5 point scale ("strongly agree" to "strongly disagree"). Specially, these service quality aspects were identified by a detailed exploratory identification process. This includes two focus group discussions with 300 (Rural and urban) life insurance policyholders and eight in-depth interviews (three with branch managers and five with agents of LIC). Content analysis of focus group discussions and depth interviews were performed.

DATA COLLECTION

The study is mainly based on primary data collected from the field survey using pre-tested questionnaire. Secondary data were collected from various sources such as journals, magazines, publications and various websites including the official websites of IRDA & LIC. The published research reports and market studies also helped the researcher to probe into the problem.

DATA EVALUATION

The data collected were not simply accepted as it contained unnecessary information and over or under emphasized facts. Therefore only relevant data were included in the report, which helped in achieving the objectives of the project.

7. REVIEW OF LITERATURE

Dr. SantoshDhar&Dr.UpinderDhar Tries to focus in the context of global scenario, India cannot remain isolated. It is evident that the existing players need to be geared up to face the competition. The new players will have to focus on the new and emerging customer requirements. The existing players will also have to take care of customer specific issue and requirements. As a matter of fact, custom-based products will have to be designed so as to suit specific customer needs. New products have to be designed for large corporate groups. Insurance industry is going to witness a vast change in its marketing set up as well as its marketing strategies. The existing and new players will have to devise different strategies to retain and enhance their market share. This would be done by bringing in new practice, setting new services standards and creating new benchmarks.

LIC POLICIES (PRODUCTS AND SERVICES) CORRELATION WITH OVERALL SATISFACTION

LIC policies (products and services)	Overall satisfaction	
	Pearson correlation	Sig. (1-tailed)
Tax certificate	0.362	0.000
Documents in the initial stage	0.364	0.000
Action taken by LIC for defaulted in paying premium	0.167	0.000
Response of officials at the time of processing	0.470	0.000
Risk coverage aspects	0.378	0.000
Help of agents at the time of processing	0.282	0.000
Bonus amount added	0.395	0.000
Penal amount for default payment of premium	0.296	0.000
Settlement of Claims	0.302	0.000
Insurance ceiling fixed by the agency	0.343	0.000
Font size used in the policy documents	0.150	0.000
Time taken for processing application	0.203	0.000
Help by agents at the time of filling application	0.234	0.000
Information about money back policies	0.238	0.000
Tax benefits in the initial stage	0.246	0.000
Policy period opted by customer (Term Period)	0.257	0.000
Risk coverage aspects at the time of filling application	0.257	0.000
Requirement in the application form (Data Details)	0.258	0.000
Acknowledgements given for payment	0.259	0.000

Item - total correlation significant at 0.01 level of significant

Source: Primary data

The level of satisfaction with product and service among the respondents is given in Table 1 are very broad generalizations of product and services, important implications which represent

generic strategic intent to create sustainable competitive advantage flow from them. As applied to Insurance markets, a framework that helps to ascertain the creation of sustainable competitive advantage through the ways that organizations create customer value and which (actual or potential) competition will find difficult to imitate. During the course of the interviews managers of insurance failed to provide an articulated view identifying their insurance's core competencies. Demonstrating how product or services better meet consumer 'needs', participants felt inclined to build differentiation as the insurance core competence further suggesting that building diversification as a strategy will be a challenging task. Survey results also suggest that differentiation in Insurance markets will seldom associate with enhanced financial margins by pricing higher than competitors. This strategy can be even more challenging as it is harder to generate the income flow that assures reinvestment to maintain and develop the resources and organizational capabilities needed for differentiation.

The Karl Pearson's co-efficient of correlation is used to find out the level of overall satisfaction of customer with LIC product and services. Since sig. value is < 0.01 it is statistically significant at 1% level. It was found that with respect of Product and services highest contributor for overall satisfaction was "Insurance ceiling fixed by the agency" (0.343 or 34.3%) and the least contributor was found to be "Font size used in the policy documents" (0.150 or 15%).

FACTOR ANALYSIS

Factor analysis was performed to group the consumer and predict their attitude towards life insurance table 2 shows that when the principal components factors were conducted, the following factors were identified.

FACTOR ANALYSIS (PRODUCT AND SERVICES)

Factors name	variance	Factor value
Product response	34.536	8.289
Personalized financial planning	9.300	2.232
Service quality	7.747	1.859
Tangibles	6.498	1.559
Corporate image	5.131	1.232
Life period	4.445	1.067

FACTOR: 1 PRODUCT AND RESPONSE

Incorporates the variables - "The response of officials at the time of processing", "Opinion about the bonus amount added", "Opinion about the risk coverage aspects", "Opinion about informing all items in the policy", "Opinion about the font size used in the policy" "Opinion about hidden charges while getting loan", "Opinion about information about money back policies". Since all these variables assure the policyholders knowledge of agents and their ability to inspire trust and confidence, this factor was labelled as 'Product and Response'.

This factor includes that, this is the only company the customer wants to associate oneself in future. He would purchase more policies from the same company; suggests, friends and family to purchase policy from the same company, company able to fulfil expectation, policy benefits benchmarks. The highest factor value lies in this factor 34.536. So, it has been considered as the highly contributing factor towards study. Therefore, it is clear that company loyalty plays an important role in investment decisions of investors. Moreover, existing satisfied customers tend

to be loyal to the company and pay more attention towards competitive products or organization.

FACTOR: 2 PERSONALIZED FINANCIAL PLANNING

Have variables - "The risk coverage aspects at the time of filling application", "The tax benefits in the initial stage", "The time taken for processing application", "The help of agents in processing", "Opinion about physical provisions in the agency", "Opinion about premium charged", "Opinion about penal amount for default payment of premium". Life insurance involves long term association, hence policyholders move through different life cycle stages in this long period and their needs and preferences change accordingly. Here, all these variables are depicting handling of these changing preferences, by providing flexible solutions and convertibility options and giving personalized services. So, this factor can be labelled as 'personalized financial planning'

This factor includes that the suggested benefits of insurance policy should reach to the investors, company provides them satisfactory services, fulfil its promises about life insurance policy, services should be provided on time and awareness of terms and conditions of policies. That the factor value for satisfaction level is 9.300 which is also a contributing factor towards the study. It can also be considered as an important in the study.

FACTOR: 3 SERVICE QUALITY

Has variables - "The requirement in the application form (Data Details)", "The insistence of documents in the initial stage", "The help provided by agents at the time of filling application", "The acknowledgements given for payment made to agents", "Opinion about settlement of Claims", Since these components talk about the ability of the service provider to perform service dependable and efficiently and also about their willingness to provide hassle-free and prompt services. So, this factor can be labelled as 'Services Quality'.

This factor includes hassle free settlements, employees responsible towards customers, agents respond promptly, investment in life insurance is more secure than stock market, satisfy with relationship to company. As, the factor value for factor service quality is 7.747 which is a contributing factor towards the study. It required a great deal of efforts to induce satisfied customers to switch away from their current company.

FACTOR 4 TANGIBLES

Have variables - ""Opinion about physical provisions in the agency", "Opinion about informing modified provisions etc. made to customer". Since all these components are related to providing physical facilities and communication materials. So, this factor can be labelled as 'tangibles'.

This factor includes the company provide claim on time, cooperative and friendly agent. As the factor value for ease of procedure is 6.498 which is also a contributing factors the study so, it can be considered as an important factor in the study.

8. SUGGESTIONS

- The customer satisfaction should be the main focus of any service firm especially to the Life insurance Company. This will be result in customer retention leading to improved profitability and growth of the Life insurance institutions.

- The marketing personnel at all levels should appreciate the significant components of marketing effectiveness. The sufficient fund allocation has to be made for the execution of marketing function in any life insurance company.
- The Life insurance companies should ensure effective marketing information and communication facilities. The strategic planning should be adopted deliberately to identify and satisfy the customer's needs and wants.
- The insurance companies should educate their personnel for a pleasing behaviour. This can create a good image among the insurance customers about the company. It will be appropriate to spend lot of money for promoting the insurance services, when the offered services do not attract and satisfy the customers' need.
- The service of insurance do not reach majority of the customers in the rural areas. The rural mass should be exposed to the availability of insurance and its benefits. This is possible by personal selling. Most of the customers of insurance in general do not understand the clear and correct calculation of premium, sum assured, benefits etc. So the Life insurance Corporation should educate their customers clearly about the benefits of insurance.
- The Insurance company, if possible should invest in advertising, conduct road shows, and spend money on hoardings, so that it can propagate better awareness about its various lesser known products.
- Lie should also tie up with several other banks apart from the existing ones to sell its products i.e. through bank assurance.
- The company has the option of tying up with local NGO's for selling its rural insurance products.
- Customer friendly documentation i.e. it should be made easier and faster.
- Lie should keep a check, that its agents equally promote all its products.
- All the hidden charges should clearly be stated in the form and explained by the agent and LIC should provide better training to the agents.
- Claim settlement process should be made fast and does not involve lengthy decision making process.
- Some special focus should be laid on individual risk coverage while designing the products.

9. CONCLUSIONS

The research resulted in the development of a reliable and valid instrument for assessing customer perceived service quality, awareness level, and satisfaction level of customers for life insurance industry. Here, service quality needs to be measured using a six dimensional hierarchal structure consisting of assurance, competence, personalized financial planning, corporate image, tangibles and technology dimensions. This would help the service managers to efficiently allocate resources, by focusing on important dimensions first. The gap scores show that there is ample room for service quality improvement in life insurance industry in India. In the competitive insurance sector, these findings can be transformed into effective strategies and actions for achieving competitive advantage through customer satisfaction and retention

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