

# A STUDY ON CUSTOMER'S PERCEPTION TOWARDS LIC

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## ABSTRACT

There are number of forces driving the service sector today. Five environmental variables universally affect all industries are; buyer, competitors, government, technology and globalization. In addition, there are four factors of particular importance to service providers- change in how quality is perceived, cost control, customer services and the new definitions of the customer. These heterogeneous characteristics of services present special challenges and strategic marketing opportunities to the service marketers. The real competition between the service marketers is set on after globalization, financial reforms and information technology progression. The service marketing organisation has to adopt professional management approach and its marketers have to imbibe the qualities of professionalism in order to meet the expectation of the policyholders. Hence, in this study an attempt has been made to discuss the status of insurance in economy, penetration of insurance industry, key issues in insurance, behaviour of policyholders, regulations and legislations insurance industry and other such emerging areas of marketing of insurance, which is one of the leading services in our country.

In recent times, there has been growing awareness about life insurance products and the various associated benefits among the policyholders. The private players customized the insurance products and introduced innovations in annuity, health, education and pension plans. Conversely, there are products like medical insurance or medical claim as it is commonly referred to, which can add value to an individual's insurance portfolio, but are relatively lesser known. People started thinking that life insurance also caters to the increased savings from the households thus increasing the much needed domestic savings. Awareness in the benefit of life insurance as such and also as a secondary investment instrument had to the increased interest in the life insurance products. The advertisement, promotional activities, ecommerce, m-commerce and viable strategic planning by the new entrants in the insurance market have also helped in spreading the consumer awareness and policy benefits.

**Key Words:** Marketing, Globalisation.

## 1.INTRODUCTION

Insurance has become an integral aspect in everyone's life today. It is a written contract of insurance that offers protection against future loss. The life insurance generally helps to insure the life of people. A definite compensation is provided by the insurer to the insured person. The non-life insurance provides financial support to people or companies and helps them to overcome the losses. The basic human trait is to be averse to the idea of taking risks. There is always an urge to minimize the risks and provide protection against possible failure. The risk includes fire, the perils of sea, death, accidents and burglary. Any risk may be insured against at a premium commensurate with the risk involved. Thus collective bearing of risk is insurance that provides reasonable degree of security and assurance that insured will be protected in the event of a calamity or failure of any sort. An insurance policy is primarily meant to protect the income of the family's breadwinners.

### LIFE INSURANCE:

Life insurance is a contract under which one person, in consideration of a premium paid either in lump sum or by monthly, quarterly, half-yearly or yearly payments, undertakes to pay to the person for whose benefit the insurance is made, a certain sum of money either on the death of the person whose life is insured or on the expiry of a specified period of time.

### TYPES OF LIFE INSURANCE:

- Whole life assurance
- Term insurance
- Annuity

### LIFE INSURANCE CORPORATION OF INDIA:

Life Insurance Corporation popularly known as LIC is Indian state-owned Insurance group and investment Company. LIC functions with 2048 fully computerized branch offices, 113 divisional offices, 8 zonal offices, 1381 satellite offices and the corporate offices. LIC's Wide Area Network covers 113 divisional offices and connects all the branches through a Metro Area Network. LIC has tied up with some banks and services providers to offer on-line premium collection facility in selected cities.

Life insurance is actually an agreement between the insured and the insurer in which the policy holder accepts to pay regular premium to the insurer. In return, the insurer guarantees monetary protection to the insured in case of any accident or mishaps. If the insured dies in accident, financial help is provided to not only to the policy holder but also to his/her family in case of any unwanted disasters.

## 2.OBJECTIVES

- To analyse the customer perceptions and preference towards Life Insurance Corporation of India and to investigate the causes there to.

### **3.STATEMENT OF THE PROBLEM:**

The study is about the investment pattern of Investors towards Life Insurance policies in Life Insurance Corporation of India in order to observe the interest of the policy holder to invest in LIC and their knowledge about the schemes offered by Life Insurance Corporation of India.

### **4.SCOPE OF THE STUDY:**

The scope of the study lies in finding out the investor's investment level in life insurance. The study will be helpful to

- Future Investors
- Persons making study on LIC
- Government

### **5.RESEARCH METHODOLOGY:**

- Method of data collection
- Sampling
- Statistical tools used

#### **METHOD OF DATA COLLECTION:**

- Primary Data
- Secondary Data

#### **SAMPLE SIZE:**

The sample size used here is 200 Respondents.

#### **SAMPLING TECHNIQUE:**

The sampling technique used here is convenience sampling.

**AREA OF STUDY:** The study is conducted at Coimbatore City.

**PERIOD OF STUDY:** The study has been conducted during the period of 2018-2019

#### **STATISTICAL TOOLS USED:**

- i. Percentage analysis
- ii. Likert scale analysis
- iii. Mean

## 6. REVIEW OF LITERATURE:

**SumninderKaurBawa, SaniyaChathha (2016)<sup>1</sup>**, Distribution Channels of Indian Life Insurance Industry: Understanding Customer's Awareness, Volume 37, Issue 1, ISSN 0973-211X, analyse the level of awareness among life insurance customers regarding services provided by Distribution Channels of Life Insurance Industry in India.

**Ms.BabitaYadav, Dr.AnshiyaTiwari, July (2012)<sup>2</sup>**A Study on factors affecting Customer Investment towards Life Insurance Policies, International Journal of Marketing, Financial Services, & Management Research, Volume 1, Issue 7, ISSN 2277 3622, the purpose is to evaluate preferences of the customers.

**Dr. R. KhadaMohideen, K. Sekar, February (2016)<sup>3</sup>**, A Study on Policy Holders Satisfaction of Life Insurance Corporation of India at Sirkali District, International Journal of Management, Volume 7, Issue 2, ISSN 0976-6502, the object was to examine the perception of the investors towards the policies of LIC to bring out the social economic characteristics of LIC policy holders.

**Gregory A. Kuhlemeyer, Garth H. Allen, (1999)<sup>12</sup>**, Consumer Satisfaction with Life Insurance: A Benchmarking Survey, Volume 10(2), describes the four primary factors: trust, competence, product selection and consumer goals.

## 7. OVERVIEW OF THE STUDY:

Life insurance is a contract that pledges payment of an amount to the person assured (or his nominee) on the happening of the event insured against. The contract is valid for payment of the insured amount during

- a. The date of maturity, or
- b. Specified dates at periodic intervals, or
- c. Unfortunate death, if it occurs earlier.

The Life Insurance Corporation of India popularly known as "LIC of India" was incorporated on September 1, 1956 by nationalizing 245 Indian as well as foreign companies. It was established 52 years ago with a view to provide an insurance cover against various risks in life. The luminaries who spearheaded this move at that time visualized an entity that will provide life insurance to Indians, especially the vast rural people, at an economical cost and channel the savings for the betterment of the nation. It is the largest life insurance company in India and also the Country's largest investor. It is fully owned by the Government of India and headquarter is Mumbai.

## 8. DATA ANALYSIS AND INTERPRETATION:

### PERCENTAGE ANALYSIS:

#### 8.1 INVESTMENT PREFERENCE

The following table shows the investment preference of the respondents.

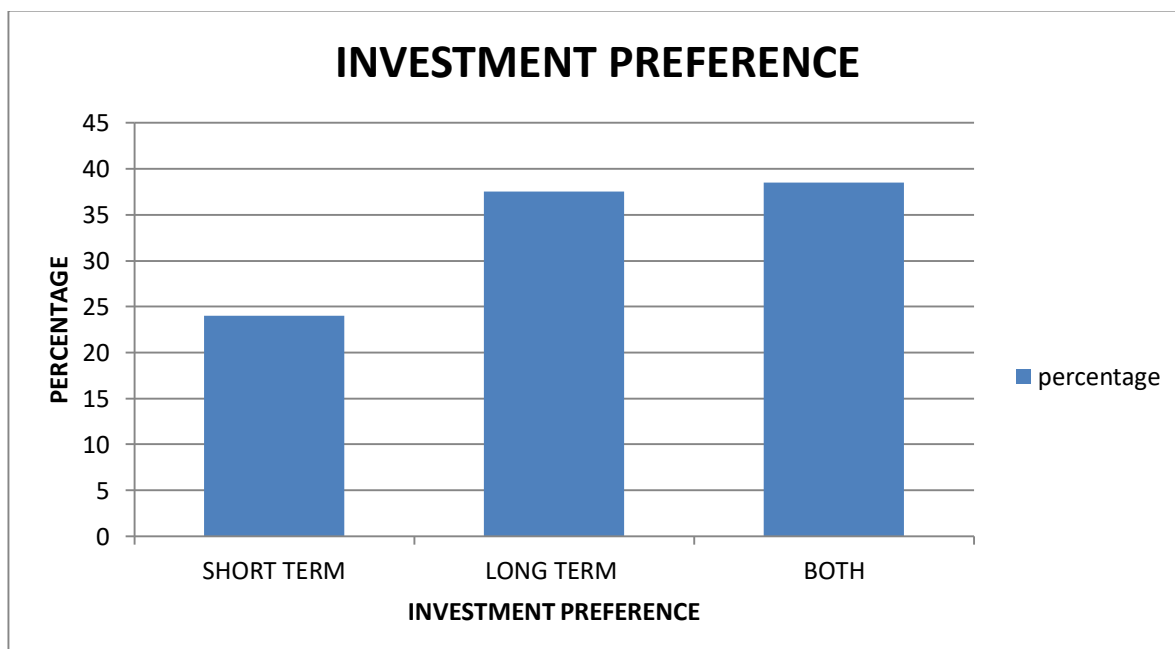
**TABLE: 8.1**  
**INVESTMENT PREFERENCE**

INVESTMENT PREFERENCE	NO OF RESPONDENTS	PERCENTAGE
SHORT TERM	48	24
LONG TERM	75	37.5
BOTH	77	38.5
TOTAL	200	100

Source: Primary data

The above table depicts that 38.5percent of the respondents are invested in both short term and long term. Followed by, 37.5percent of the policyholders' are interested to invest in long term investment. The remaining 24percent of the respondents are preferred short term investment. It could be found that majority of the respondents preferred both long and short term investment.

**CHART 8.1**



## 8.2 INSURANCE COMPANY

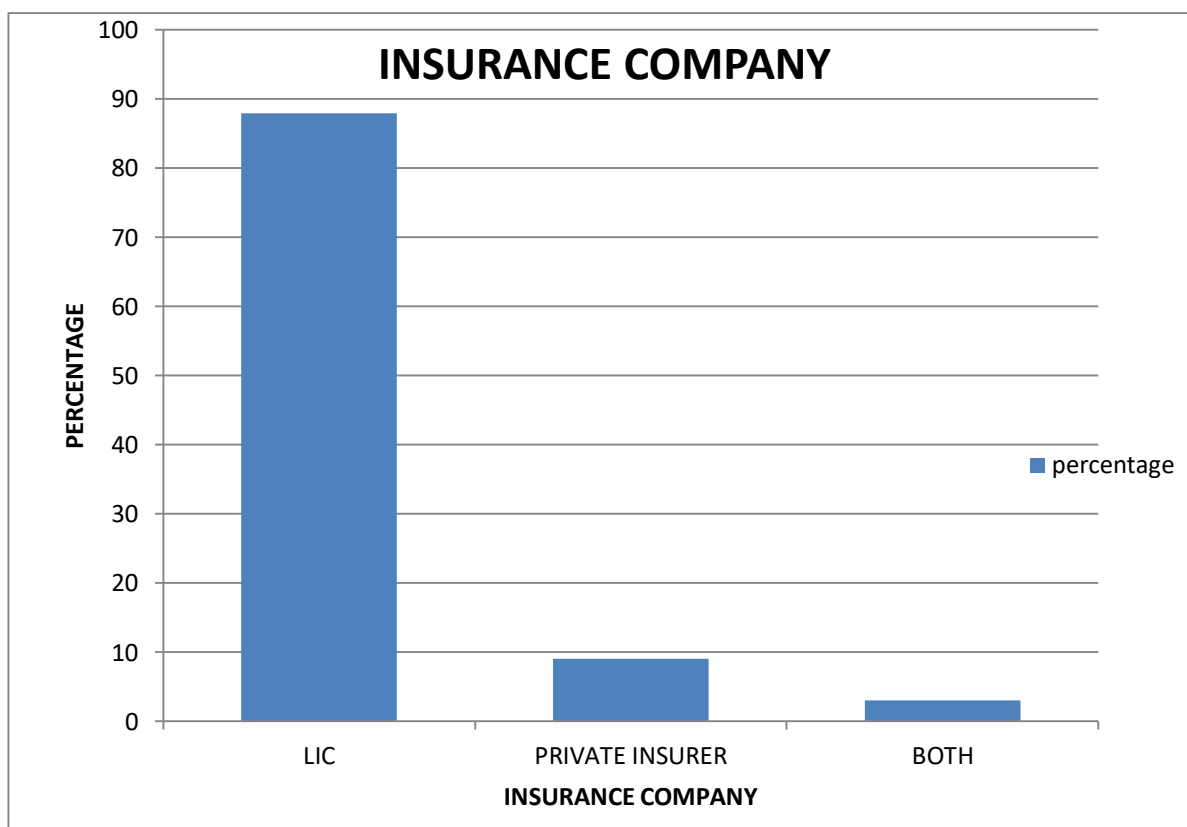
**TABLE: 8.2**  
**INSURANCE COMPANY**

INSURANCE COMPANY	NO OF RESPONDENTS	PERCENTAGE
LIC	176	88
PRIVATE INSURER	18	9
BOTH	6	3
TOTAL	20	100

Source: Primary data

From the detailed analysis it has been inferred that 88 percent of the respondents preferred LIC. Followed by, 9 percent of the respondents preferred private insurance company. The remaining 3 percent of the policyholders preferred both sectors.

**CHART 8.2**



## 8.3 REASON FOR INSURING WITH LIC

The reason for choosing LIC for the investment of life insurance has been discussed in the following table.

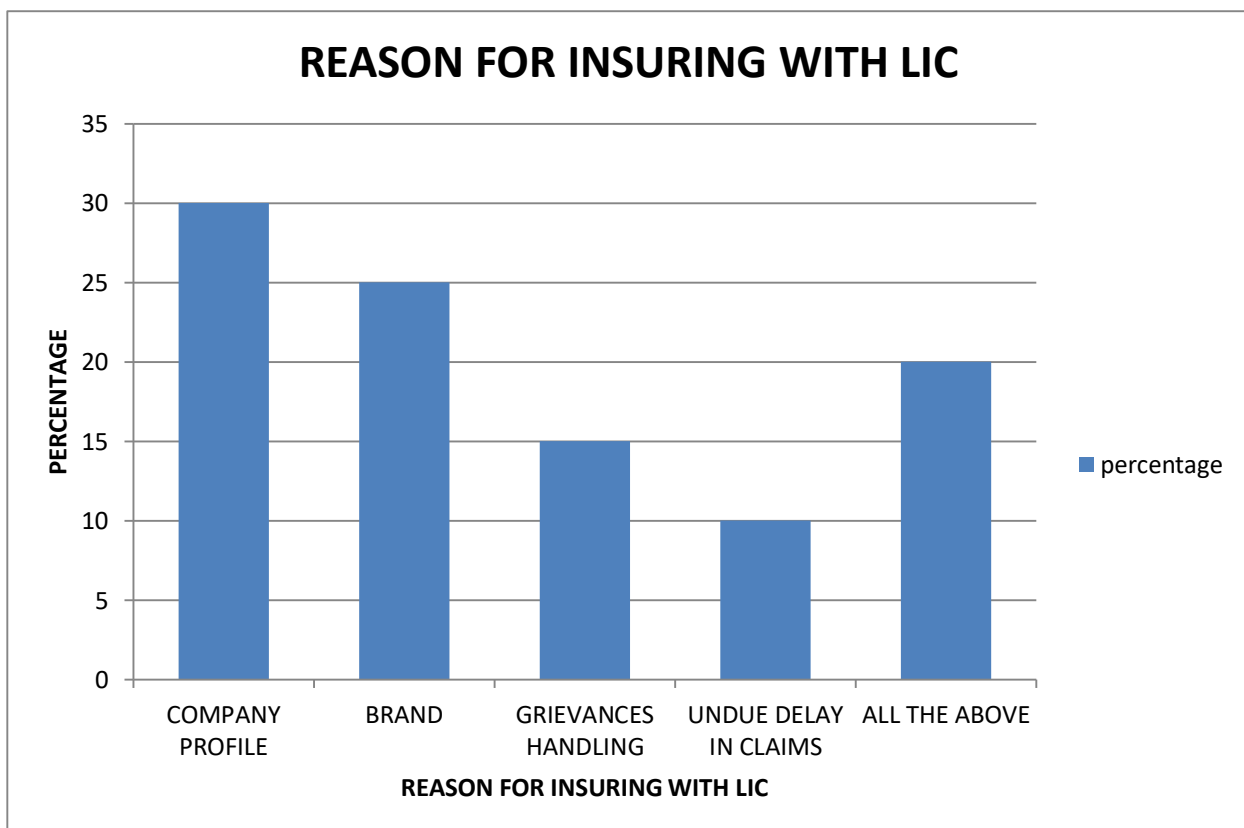
**TABLE: 8.3**  
**REASON FOR INSURING WITH LIC**

REASON FOR INSURING WITH LIC	NO OF RESPONDENTS	PERCENTAGE
COMPANY PROFILE	60	30
BRAND	50	25
GRIEVANCES HANDLING	30	15
UNDUE DELAY IN CLAIMS	20	10
ALL THE ABOVE	40	20
TOTAL	200	100

Source: Primary data

The above table depicts that 30 percent of the respondents chosen LIC because of the company profile. Followed by, 25 percent of the policyholders said that they chose LIC for its brand. Subsequently, 20 percent of the respondents insured with LIC by considering all of its benefits. The remaining 15 percent for grievance handling and 10 percent of the respondents for undue delay in claims. It could be found from the above analysis that majority of the policyholders are insured with LIC for its profile.

**CHART 8.3**



## 8.4 SCHEME OF INSURANCE POLICY

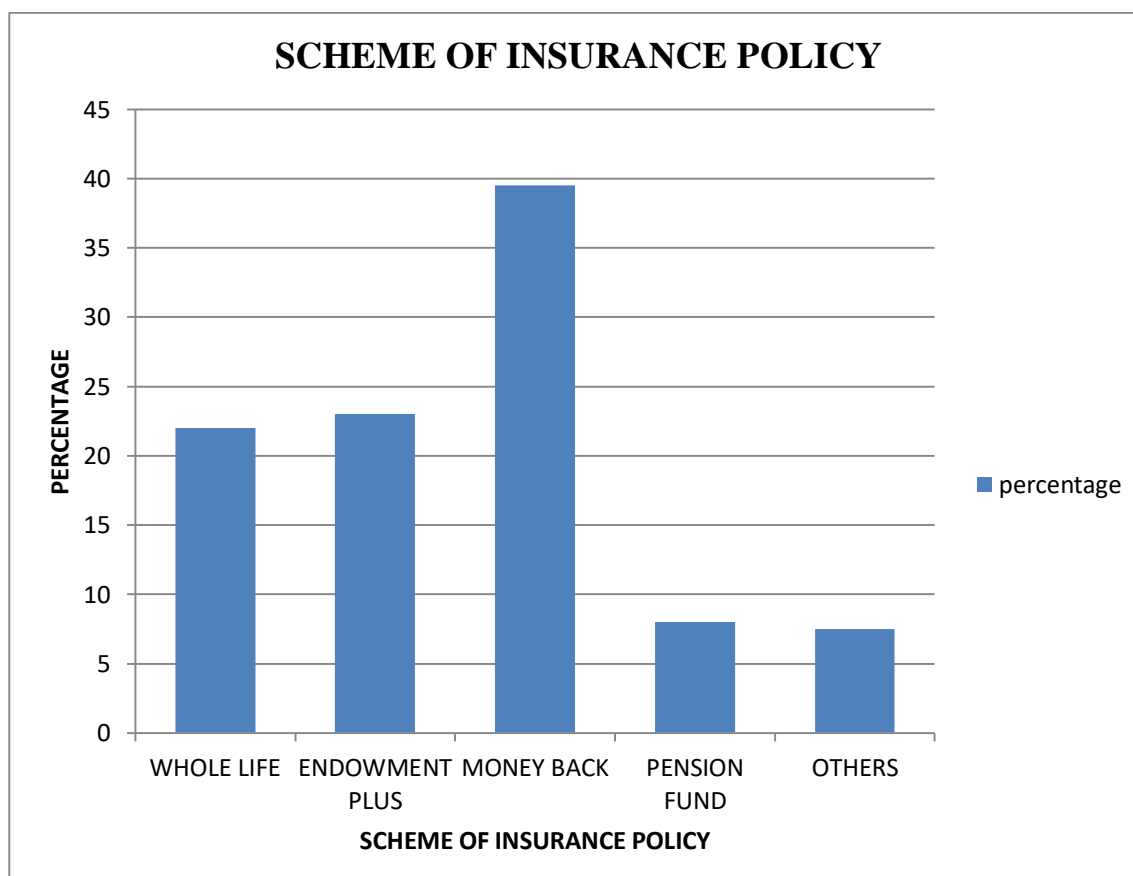
**TABLE: 8.4**  
**SCHEME OF INSURANCE POLICY**

SCHEME OF INSURANCE POLICY	NO OF RESPONDENTS	PERCENTAGE
WHOLE LIFE	44	22
ENDOWMENT PLUS	46	23
MONEY BACK	79	39.5
PENSION FUND	16	8
OTHERS	15	7.5
TOTAL	200	100

Source: Primary data

The above table indicates that 39.5 percent of the respondents are invested in money back scheme. Followed by, 23 percent of the policyholders are invested in endowment policy and 22 percent are invested in whole life policy. Subsequently, 8 percent of the respondents have invested in pension fund. The remaining 7.5 percent of the respondents are invested in other scheme. It could be found from the above analysis that majority of the policyholders have chosen Money back scheme.

**CHART 8.4**





## 8.5 CHANNEL PREFERRED TO BUY POLICY

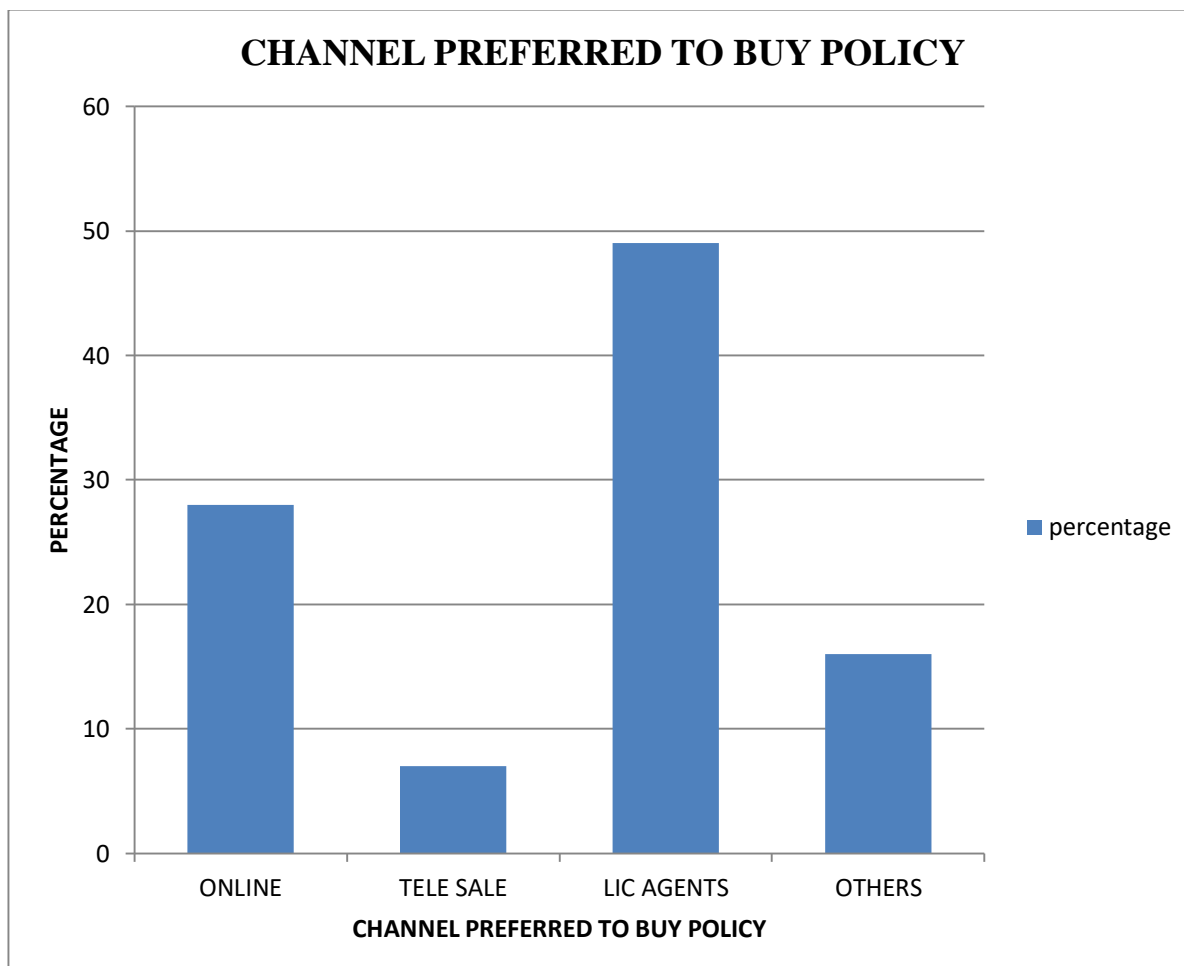
**TABLE: 8.5**  
**CHANNEL PREFERRED TO BUY POLICY**

CHANNEL PREFERRED TO BUY POLICY	NO OF RESPONDENTS	PERCENTAGE
ONLINE	56	28
TELE SALE	14	7
LIC AGENTS	98	49
OTHERS	32	16
TOTAL	200	100

Source: primary data

The data analysis reveals that 49 percent of the respondents preferred to buy insurance through LIC agents. Subsequently, 28 percent of the policyholders preferred online to buy policy and 16 percent of the respondents preferred other channel to buy life insurance. The remaining 7 percent of the policyholders preferred Tele sale to buy insurance policy. It could be found from the above analysis that majority of the policy holder preferred LIC agents to buy life insurance.

**CHART 8.5**

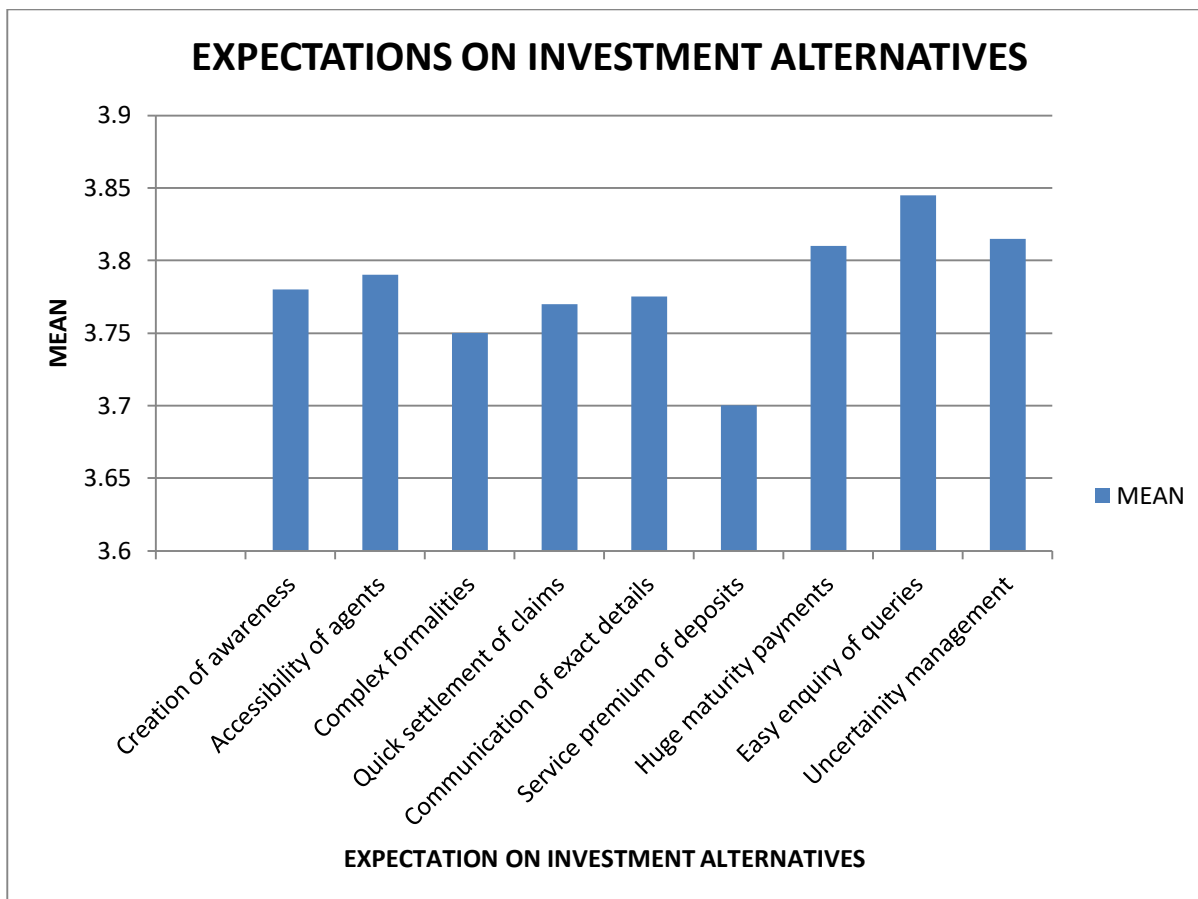


**LIKERT SCALE ANALYSIS:****8.6 EXPECTATIONS ON INVESTMENT ALTERNATIVES****TABLE 8.6**

PARTICULARS	HIGHLY SATISFIED 5	SATISFIED 4	NEUTRAL 3	DIS SATISFIED 2	HIGHLY SATISFIED 1	TOTAL RESPONDENT	TOTAL SCORE	MEAN	Rank
Creation of awareness	340(68)	220(55)	153(51)	30(15)	13(13)	200	756	3.78	5
Accessibility of agents	375(75)	192(48)	147(49)	28(14)	16(16)	200	758	3.79	4
Complex formalities	355(71)	196(49)	153(51)	30(15)	16(16)	200	750	3.75	8
Quick settlement of claims	320(64)	244(51)	150(50)	26(13)	14(14)	200	754	3.77	7
Communication of exact details	335(67)	224(56)	153(51)	30(15)	13(13)	200	755	3.775	6
Service premium of deposits	290(58)	236(59)	171(57)	30(15)	13(13)	200	740	3.7	9
Huge maturity payments	390(78)	172(43)	159(53)	26(13)	15(15)	200	762	3.81	3
Easy enquiry of queries	405(81)	172(43)	147(49)	32(16)	13(13)	200	769	3.845	1
Uncertainty management	355(71)	220(55)	144(48)	32(16)	12(12)	200	763	3.815	2

The above table clearly depicts that the respondents are highly satisfied with the easy enquiry of queries. This variable is ranked in the first position with the mean score of 3.85. Further, the respondents show satisfaction towards the uncertainty management in second position with the mean of 3.82. Consequently, the respondents react towards huge maturity payments by ranking it in 3<sup>rd</sup> position. Accessibility of agents ranked 4<sup>th</sup> place with the mean score of 3.79. The essential factor for insuring in LIC is creation of awareness among people, which is ranked in 5<sup>th</sup> position by the respondents. Subsequently, communication of exact details, quick settlement of claims, complex formalities, service premium of deposits are ranked further.

CHART 8.6



## 9.SUGGESTIONS

1. To increase the level of insurance penetration LIC may focus on bringing products that suit to the rural customers.
2. The company if possible should invest in advertising, conduct road shows, and spend money on hoardings, so that it can better propagate awareness about its various lesser known products.
3. LIC should also tie up with several other banks apart from the existing ones to sell its products i.e. through bank Assurance.
4. The company has the option of tying up with local NGO's for selling its rural insurance products.
5. Customer friendly documentation (i.e.) it should be made easier and faster.

## 10.CONCLUSION

Insurance is a tool by which fatalities of a small number are compensated out of funds collected from plenteous. Insurance is a safeguard against uncertain events that may occur in the future. Company image is the highly important criteria that consumers consider before taking up a life insurance. This is mainly because people expect safety and secure for their money which they invest, followed by the factor Premium which we pay to the insurer and then Bonus and Interest paid by the company, services etc., In today's competitive world, customer satisfaction has become an important aspect to retain the customers, not only to grow but

also to serve. Increased competition, wide range of product offerings and multiple distribution channels cause companies to value satisfied and highly profitable customers. In the near future, if people choose to go for a new policy, they will adopt LIC of India, which shows the great faith and positive perception of the customers towards LIC of India.

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