AWARENESS OF POLICYHOLDERS AND LIFE INSURANCE CORPORATION OF INDIA

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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.

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 consumers 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.

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 policyholders behaviour and analyzing 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.

Objectives of the Study

1. To study the demographic profile and awareness level of the respondents.
2. To understand the perception on Customer Relationship activities of LIC.
3. To identify the factors influencing policyholders satisfaction in LIC products.
4. To study the policyholders’ response towards marketing activities of LIC.
5. To identify the reasons to switch’ over from LIC to other companies.
6. To identify the satisfaction level between rural and urban customers.

Scope and significance of the Study

The scope of the study lies in finding out the perception of customers in Chidambaram branch. 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.

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.

Research Methodology

Sampling design

The universe for the study is comprised of the policyholders of LIC in Chidambaram branch. 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 100 policyholders was approached at the convenience of the researcher and the policyholders. The necessary data were collected from the 200 policyholders in all.
Area of the Study
The location selected is at Chidambaram branch in Tamilnadu.

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, service quality, relevant to insurance product of LIC 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 200 (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 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.

Statistical tools used
The collected data have been consolidated, tabulated and analyzed by using relevant statistical tools like, Standard Deviation, Factor Analysis, Correlation, One Way ANOVA, Perceptual Mapping and Henry Garret Ranking Method. The SPSS 16 package was utilized for analyzing the data. The interpretation of the study is done by using tables, graphs and charts to give meaningful results.

Level of Significance
After examining the construct validity of the instrument, the data was collected, tabulated, processed and analyzed with reference to each of the specific objectives, with the help of appropriate tools of analysis. All tests were conducted for ten percent level, five percent level and one percent level of significance. Analysis made to meet the purpose of each of the specific objectives and test the hypotheses.

Accessibility of Insurance
The easy accessibility of an insurance is the next most coveted Insurance. Benefits that the customers look for. The online access to insurance companies and their policies has made them more lucrative to the customers. Now-a-days, customers can search, compare and select their insurance coverage through the click of a mouse from their own residence. This has been observed that through online service, the insurance companies have been able to reach more number of customers and consequently their customer base has also mapped up significantly.

Evaluation of Marketing strategies in Life Insurance Corporation of India
The well designed marketing strategies are essential for the effective functioning of any service organization. Life Insurance Corporation of India also needs consumer oriented marketing strategies to achieve its goals. Unfortunately, the need for developing consumer oriented marketing strategies was recognized in LIC of India at a later stage. Until 1982, LIC of India was purely sales organization and its approach to the market was more oriented to the needs of the corporation than the needs of the customer. The branch offices were acting as merely business procurement center, while serving aspect was left to the divisional offices. As a result, there was delay in serving the policyholders. There was no clear cooperation business activity has been refashioned. The LIC tell that “the basic change in the concept of the organization from sales organization to a marketing organization requires scientific approach to its sale techniques”. On the one hand the offices are required to do environmental scanning and prepare their performance budget and plan in view of their resources and potential, on the other hand area of operation and the constituent clientele, they are required to identify and classify the market segments in order to help design suitable products evolving right strategies for increase in sales, thereby achieving all round growth. In view of this, the objective of the marketing policy have been defined as follows “as a national organization to provide optional financial security through Life Insurance, as extensively as possible to diverse populations in urban and rural areas, with different occupation and sources of income and in high, middle and low income levels more especially the economically weaker sections”.

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 Company’s should ensure effective marketing information and communication facilities. The strategic planning should be adopted deliberately to identify and satisfy the customer’ 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. Sothe 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.

LIC should also tie up with several other banks apart from the existing ones to sell its products i.e. through banc 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.

LIC 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.

CONCLUSION

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. The 21st century insurer will hardly resemble its ancestor. For a field long known for stability, a combination of technology, economic pressures, consumer demand and deregulation are driving major players to reevaluate their core business practices, alliances and partnerships, and the products and services that they offer. Information technology is both driving and becoming a strategy for navigating the minefield of change. In a nutshell, the Insurance industry is facing competitive challenges on many fronts, including pricing pressure due to rising competition and escalating cost rations, deregulation, eroding barriers among banking, brokerages and insurance; technology innovations that promise to streamline and reinvent business processes, B2B relationships, and product and service offerings; rising expectations for customer service; and mass customization of products and services. There is no right and wrong in all this. The success of marketing insurance depends on understanding the social and cultural needs of the target population, and matching the market segment with the suitable intermediary segment.

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