

**A STUDY ON CUSTOMER PERCEPTION TOWARDS
PRODUCTS AND SERVICES OFFERED BY LIFE
INSURANCE CORPORATION WITH SPECIAL REFERENCE
TO MAVELIKARA TALUK, KERALA.**

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ABSTRACT

Insurance sector as a whole has contributed to the development of the economy through generation of employment opportunities, acceleration of industrial growth, generation of income etc. The three main aspects with regard to the perception of customers towards life insurance are awareness level, service quality and satisfaction level of policy holders. The study tries to evaluate the perception of customers towards life insurance products in respect of the services rendered to them by LIC and the study was restricted to Mavelikara Taluk. The study uses survey method to collect information from the customers through both primary and secondary data. Several methods like chi-square, composite indices, Likert scale were used for analysing the data collected from the respondents. In short, this study identifies life insurance products as an ample source of investment and opportunity for the common public for boosting up their threshold for money saving habit.

Key words: *Insurance, policy holders, development, economy.*

INTRODUCTION

Life Insurance Corporation is a contract which guarantees the payment of sum assured to the person taking the insurance policy (insured) or his nominee on the happening of the event against which the insurance policy has been taken. 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 minimised and security is provided to them by the insurance companies either as one time contribution or periodical contributions.

Life Insurance Corporation of India (LIC) is an Indian state-owned insurance group and investment company headquartered in Mumbai. It is the largest insurance company in India with an estimated asset value of Rs 2,529,390 crore. The Life Insurance Corporation of India

was founded in 1956 when the Parliament of India passed the Life Insurance of India Act that nationalised the private insurance industry in India. Over 245 insurance companies and provident societies were merged to create the state owned Life Insurance Corporation.

STATEMENT OF THE PROBLEM

Insurance sector as a whole has contributed to the development of the 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. The three main aspects with regard to the perception of customers towards life insurance are awareness level, service quality and satisfaction level of policy holders.

This study tries to evaluate the perception of customers towards life insurance products in respect of the services rendered to them by Life Insurance Corporation of India Ltd with special reference to Mavelikara.

OBJECTIVES OF THE STUDY

1. To study the level of customer satisfaction derived from Life Insurance Corporation.
2. To analyse the investing pattern of the people.
3. To know whether organization service quality is up to the mark according to the customer expectations.
4. To identify the factors considered while selecting a life insurance policy.
5. To suggest any changes for improving customer satisfaction

RESEARCH METHODOLOGY

➤ Research design:-

Descriptive research studies are those studies which are concerned with describing the characteristics of a particular group of situations. Descriptive research includes different kinds of fact-finding inquiries and surveys. The main objective of this research is describing the state of conditions as it exists at the present moment. For these types of researches we often use the term ex-post-facto research method, the main characteristics of which is that the researcher has no control over the variables, he can only report what has happened or what is happening.

➤ Data collection:-

1) Primary data

Primary data has been collected from the respondents by using a structured questionnaire developed by the researcher. A copy of the questionnaire is given in the appendix.

2) Secondary data

Secondary data has been collected mainly from internet, reports, publications, records and websites.

- ❖ **Sample size:** This refers to the number of items to be selected from the population to constitute the sample. The sample size of the present study is 100.
- ❖ **Sample design:** The population of the study consists of the customers of Life Insurance Corporation of India Ltd in the selected area namely Mavelikara. Considering the scope, availability of resources such as time and money the researcher has decided the use of convenience sampling for collecting information.
- ❖ **Sampling procedure:** In this study convenience sampling method was adopted.
- ❖ **Sampling method:** The sampling method used in this study is convenient sampling. Sampling is conducted among the people who are engaged in digital marketing or people who having expertise knowledge with this field.

DATA ANALYSIS

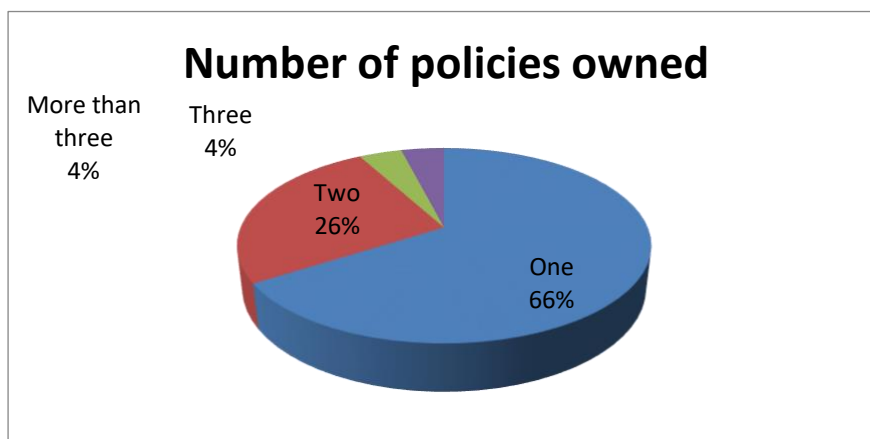
**TABLE 1.1
Number of policies owned**

Number of policies	Number of respondents	Percentage
One	66	66
Two	26	26
Three	4	4
More than three	4	4
Total	100	100

Source: Primary data

This is shown in the diagram below:

FIGURE 1.1



Source: Table 1.1

From the above table it is realised that 66 percent of the respondents own only one policy, 26 percent of them hold two policies and 4 percent each holds three and more than three policies respectively.

TABLE 1.2

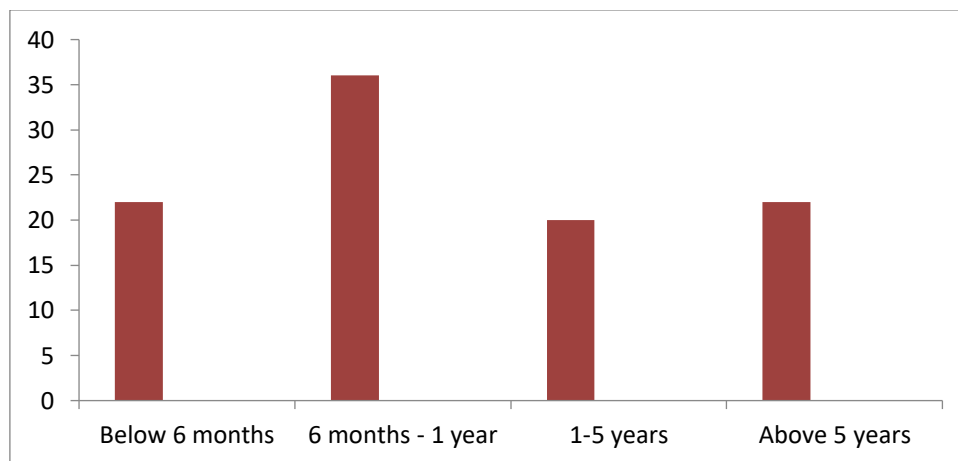
Number of years respondents have been customers of LIC

Number of years	Number of respondents	Percentage
Below 6 months	22	22
6 months-1 year	36	36
1-5 years	20	20
Above 5 years	22	22
Total	100	100

Source: Primary data

This is shown in the diagram below:

FIGURE 1.2



Source: Table 1.2

Among the respondents, majority i.e. 36 percent of them have been customers of LIC for 6 months to 1 year.

Classification based on the kind of life insurance policy preferred is represented in Table 1.3

TABLE 1.3

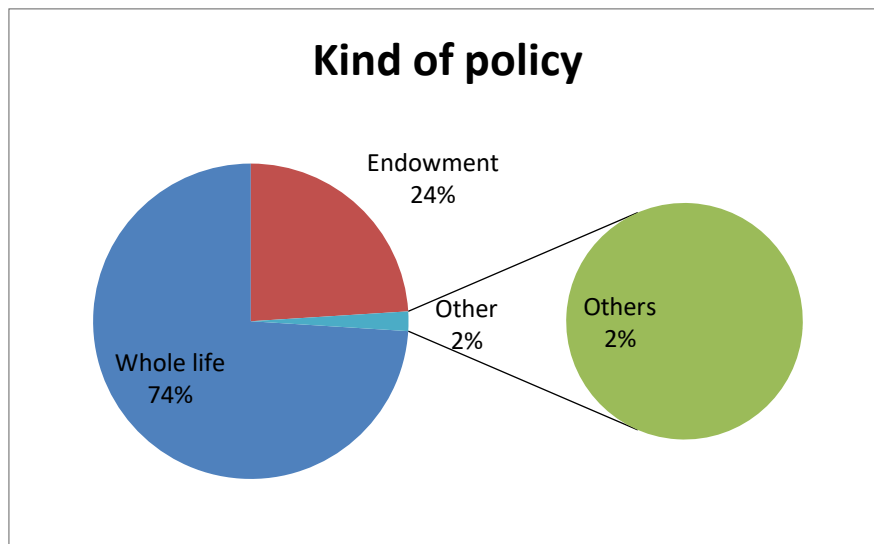
Life insurance policy preferred

Kind of policy	Number of respondents	Percentage
Whole life	74	74
Endowment	24	24
Others	2	2
Total	100	100

Source: Primary data

This is shown in the diagram below:

FIGURE 1.3



Source; Table 1.3

Among the policy holders, 74 percent prefer whole life policies, 24 percent prefer endowment policies and the remaining 2 percent of them prefers other kinds of policies.

Classification on the basis of factors considered by a policy holder while selecting a life insurance policy is shown in Table 1.4

TABLE 1.4

Factors considered while selecting policy

Factors	1	2	3	4	5	6	7	8	9
Premium outflow	26	48	16	4	2	2	-	-	2
Company reputation	22	46	20	10	-	-	2	-	-
Service quality	28	36	26	6	-	-	2	-	2
Convenience	22	38	24	10	2	-	2	-	2
Tangible benefits	20	30	30	12	4	-	4	-	-
Return on investment	24	36	22	8	-	6	-	2	2
Grievance handling	16	36	32	6	-	-	6	2	2
Risk coverage	22	38	22	4	4	-	2	8	-
Growth & return	22	28	32	6	2	-	-	2	8

Source: Primary data

TABLE 1.4(a)

Factors considered while selecting policy (weighted values)

Factors	1	2	3	4	5	6	7	8	9	Composite indices
Premium outflow	234	384	112	24	10	8	-	-	2	774
Company reputation	198	368	140	60	-	-	6	-	-	772
Service quality	252	288	182	36	-	-	6	-	2	766
Convenience	198	304	168	60	10	-	6	-	2	748
Tangible benefits	180	240	210	72	20	-	12	-	-	734

Return on investments	216	288	154	48	-	24	-	4	2	736
Grievance handling	144	288	224	36	-	-	18	4	2	716
Risk coverage	198	304	154	24	20	-	6	16	-	722
Growth & return	198	224	224	36	10	-	-	4	8	704

Source: Table 1.4

The respondents were asked to rate the factors and composite indices were found out by multiplying the frequency with the corresponding weights. Accordingly, it is found out that the respondents consider premium outflow (with index 776) as the primary factor while selecting an investment policy.

TABLE 1.5
Level of satisfaction

Factors	Highly satisfied	Satisfied	Neutral	Dissatisfied	Highly dissatisfied
Grievance redressal	22	60	16	2	-
Services provided	20	56	22	2	-
Payment of claims	18	54	26	2	-
Risk coverage	12	46	40	2	-
Growth & return	16	64	20	-	-
Tax benefit	16	56	28	-	-
Investment schemes	26	40	30	4	-

TABLE 1.5(a)

Level of satisfaction (weighted values)

Factors	Weight 5	Weight 4	Weight 3	Weight 2	Weight 1	Composite indices
Grievance redressal	110	240	48	4	-	402
Services provided	100	224	66	4	-	394
Payment of claims	90	216	78	4	-	388
Risk coverage	60	184	120	4	-	368
Growth & return	80	256	60	-	-	396
Tax benefit	80	224	84	-	-	388
Investment schemes	130	160	90	8	-	388

Source: Table 1.5

It is seen that among the various factors, the respondents are highly satisfied with the grievance redressal mechanism provided by LIC which has been ranked first followed by growth and return at the second place.

Preference wise classification is shown in

Table 1.6

TABLE 1.6: Preference for LIC

Degree of	Number of	Percentage
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preference	respondents	
Definitely	40	40
To some extent	56	56
Not at all	4	4
Total	100	100

Source: Primary data

Among the total respondents, 56% of them would prefer LIC to some extent if they are planning to take a new policy which means the customers have good preference for Life Insurance Corporation.

Classification based on the ratings for the overall performance of LIC is shown below in Table 1.7

TABLE 1.7

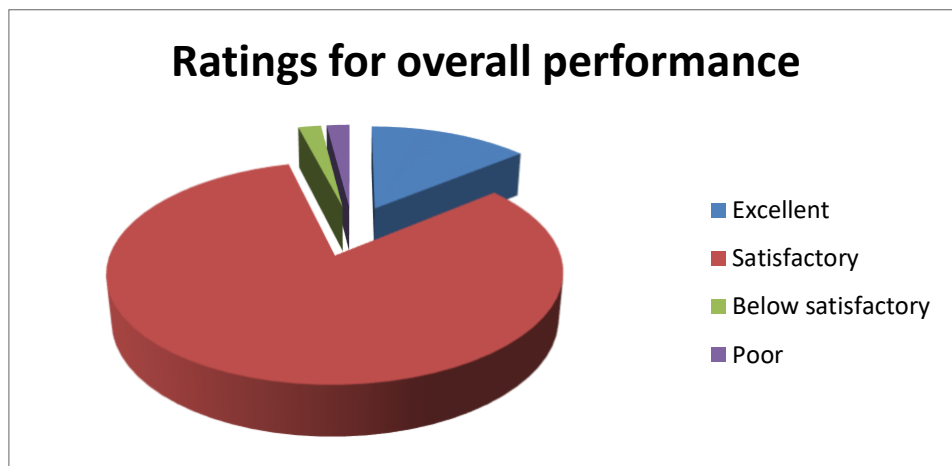
Ratings for overall performance

Ratings	Number of respondents	Percentage
Excellent	14	14
Satisfactory	82	82
Below satisfactory	2	2
Poor	2	2
Total	100	100

Source: Primary data

This is shown in the diagram below:

FIGURE 1.4



Source: Table 1.7

82 percent of the respondents have rated the overall performance of LIC as satisfactory and thus they choose to prefer LIC if they are planning to take a new policy.

HYPOTHESIS TESTING

Statistical test of hypothesis is a process or procedure under which hypothesis is laid down and it is accepted or rejected on the basis of random sample drawn from the population. The test conducted to accept or to reject the hypothesis are known as statistical test of hypothesis.

For our study the following hypothesis has been framed which tests the relationship between age of the respondents and the satisfaction with regard to the policy benefits they hold.

SETTING UP OF HYPOTHESIS

Null hypothesis (H₀): There is significant relationship between the age of the respondents and the satisfaction with regard to the policy benefits they hold.

Alternate hypothesis (H₁): There is no significant relationship between the age of the respondents and the satisfaction with regard to the policy benefits they hold.

TEST STATISTIC

$$x^2 = (O-E)^2 / E$$

Where, O = Observed frequency

E = Expected frequency

LEVEL OF SIGNIFICANCE = 5%

DEGREE OF FREEDOM = (R-1) (C-1)

$$= (2-1) (3-1) \\ = 2$$

Table showing relationship between age of the respondents and the satisfaction with regard to the policy benefits they hold.

TABLE 1.8

Particulars	Satisfied	Neutral	Dissatisfied	Total
Up to 25 years	64	14	2	80
25-40	16	4	0	20
Total	80	18	2	100

Source: Primary data

TABLE VALUE OF CHI-SQUARE = 5.991

COMPUTED VALUE = .1555

CONCLUSION: Since the computed value is less than the table value, the null hypothesis is accepted. Therefore we can conclude that there is a relationship between age of the respondents and the satisfaction with regard to the policy benefits they hold.

FINDINGS

The present study titled “CUSTOMER PERCEPTION ABOUT PRODUCTS AND SERVICES OFFERED BY LIC WITH SPECIAL REFERENCE TO MAVELIKARA TALUK” was based on a survey of opinions of 100 respondents in respect of their level of satisfaction regarding the products and services offered by Life Insurance Corporation.

Following are the major findings of the study:

1. Majority of the respondents i.e. 80% were below the age of 25 years.
2. Half of the respondents were engaged in government sector jobs and the remaining were self employed, employed in private sector jobs, students and engaged in agriculture respectively.
3. Majority of the total respondents were earning an average monthly income above Rs 50000.
4. Among the total respondents most of the respondents held only a single policy with Life Insurance Corporation.

5. In view of the number of years the policy holders had been the customers of LIC, 36% of them have been customers for six months to one year.
6. Among the policy holders 74% preferred whole life policies over endowment policy and other kinds of policies
7. The source of information about life insurance products and services for majority of the customers were family and friends.
8. Premium outflow was the primary factor considered while selecting an investment policy which was ranked first by the customers and grievance handling was ranked last , which means that the customers are highly bothered about the amount of money they spend for availing the insurance services.
9. Among the total respondents, majority of them stated that they considered premium as the most important factor followed by rider benefits at the second place.
10. The respondents were highly satisfied with the growth and return provided by LIC which was ranked first.
11. Out of the total respondents, 80 percent were satisfied with the policy benefits they held with LIC.
12. Majority of the respondents i.e. 86 percent stated that the agent has been providing information to the policy holders about the various kinds of products and services offered by LIC.
13. More than half of the respondents have been provided with customer feedback card.
14. Around 56 percent of the total respondents stated that they would prefer LIC if they were planning to take a new policy.
15. With regard to the overall performance of LIC 82 percent of the respondents rated the performance of LIC as satisfactory.
16. Majority of the respondents expressed that they would recommend LIC to others.

SUGGESTIONS

The study reveals that majority of the customers have a positive perception towards the products and services offered by Life Insurance Corporation. The following recommendations are given below:

- ✚ Improving the follow up action by the insurer can increase the level of satisfaction of the customers
- ✚ Additional risk protection should be provided to investors.
- ✚ Fixing reasonable charges in case of surrender charges, switching charges, premium allocation charges, etc increase the satisfaction level of LIC policy holders.
- ✚ The operations of Life Insurance Corporation should be more customer friendly.
- ✚ The customers should be provided with all the details regarding the products and services especially the hidden charges.
- ✚ The company should be versatile and flexible in their dealings with the customers.
- ✚ The economic feasibility of LIC products must be improve

CONCLUSION

The charisma behind this research work on perception towards LIC is a keen urge for observation regarding the marketing concerns of various products of this company. This study also focuses upon affordability as well as persistence level of common public towards the life insurance policies of Life Insurance Corporation. In short this project identifies life insurance products as an ample source of investment and opportunity for the common public for boosting up their threshold for money saving habit.

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Chi-square Test

Relation between age of the respondents and their satisfaction with regard to the policy benefits held.

Calculation:

Particulars	Satisfied	Neutral	Dissatisfied	Total
Up to 25	64	14	2	80
25-40	16	4	0	20
Total	80	18	2	100

Equation:

$$\text{Chi-square} = \sum(O-E)^2 / E$$

O	E	(O-E)	(O-E) ²	(O-E) ² /E
64	64	0	0	0
16	16	0	0	0
14	14.4	-0.4	0.16	0.0111
4	3.6	0.4	0.16	0.0444
2	1.6	0.4	0.16	0.1

Computed value $\sum(O-E)^2/E = 0.1555$