



A STUDY IN SATISFACTION LEVEL OF POLICYHOLDERS IN LIC'S SERVICE IN SALEM DISTRICT, TAMILNADU

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Abstract

Insurance is one of the major segments of financial market. The insurance business is unique in the sense that it is rewarded for managing the risk of other parties. Insurance provides financial protection against a loss arising out of happening of an uncertain event. The major objectives of this research are to ascertain the socio-economic profile of sample respondents and identify the satisfaction level of policyholders in LIC's services. This research has also endeavors to develop the customer satisfaction. Methodology of this study is based on the analysis of the data collected from 150 individual policy holders by using interview schedule method. Interview schedule was the tool used to collect the pertinent data from the selected sample respondents. Suggested this study, the analysis is identified that educational qualification and monthly income are found to be associated with policy holder's satisfaction. They need comfortable environment to move with officials, and new strategies to make the services offerings more effective and efficient. LIC should spread its wings to rural areas. To conclude this study; the policyholders of LIC are satisfied with the specified parameters concerned with taking policy. While the policyholders of LIC are more satisfied with insurance companies.

Keywords: *policyholder's satisfaction, IRDA, LIC's service.*

Introduction

Life Insurance Corporation of India was established in 1956. LIC was nationalized in 1956. In 1999, the Insurance Regulatory and Development Authority (IRDA) opened the door to private and foreign players whose share in the insurance market has been increased. The IRDA entrusted with protecting the interest of policy holders. Life Insurance is a contract for payment of a sum of money to person assured on the happening of the event insured against. The concept of customer satisfaction occupies a central position in business though and practice. Due to growing pressures, the task of providing and maintaining customer satisfaction has become one of the most important challenges currently for companies and policy makers. Policyholder's satisfaction is equivalent to making sure that product and service performance to meet customer expectation. Today's insurance companies are facing tough competition due to liberalized economy. Therefore, the companies can go about winning customers and outperforming satisfying customer's needs. This paper makes an attempt to "analyze the satisfaction level of policyholders in LIC's service with reference to the Salem District".

Statement of the Problem

The insurable interest in own life is unlimited because the loss to the insured or his dependents cannot be measured in terms of money and, therefore, no limit can be played to the amount of insurance that one may take on one's own life. Thus, theoretically, a person can take a policy to any unlimited amount on his own life. The success of the life insurance business depends on the awareness of the policyholders about the products and satisfaction of the policyholders regarding the service rendered by LIC of India. As a consequence, Life Insurance Corporation has undergone increasing pressure to the policyholder offer today what they expect tomorrow. The study will also give an idea of the policy holder's requirements. The main challenge before the insurance companies is to constantly innovate new products, ascertain changes in policyholder's behavior, government intervention, competitions, technology, distribution network, automation, technological advancement, quality in client relationship changing life styles. Societal perception and brand loyalty are the radical changes that are taken place in customer's profile and security needed to the people. Policy holder's satisfaction measures, across all over the world playing a major role.



Objectives of the Study

1. To study the socio-economic profile of sample respondents.
2. To study the level of satisfaction of LIC's services in Salem district.

Research Methodology

The descriptive research design was used in this study. This study uses primary data. The primary data was collected from 150 sample respondents by using interview schedule method from Salem District. Samples were chosen by adopting simple random sampling method. The interview schedule has been prepared in such a way that the respondents are able to express their opinion freely and frankly. A well structured interview schedule was framed with the help of the Research Supervisor, the research experts and the LIC managers in the study area. The data collected from the research are classified and tabulated. The sampling target groups include various types of life insurance Policyholder's in which important variables like age, income, education, occupation and no of policies are taken in to consideration.

Limitations of the Study

1. Time is the major constraint in collecting the data from the respondents.
2. The market survey was conducted only in Salem District of Tamil Nadu. Hence, the results arrived from the study is applicable to the study area only.
3. The samples collected have been restricted to 150 samples only. Hence, the results of the survey cannot be generalized.

Analysis and Interpretation

Table 1 Showing the Personal and Demographic Factors of the Respondents

S. No	Demographics	No of Respondents
1	Gender	73 (49.00)
	Male	77 (51.00)
	Female	
2	Age (in years)	13 (8.70)
	Up to 20	103 (69.00)
	21=40	34 (22.30)
	Above 40	
3	Education Qualification	
	Illiterate	5 (3.00)
	SSLC	17 (11.70)
	HSC	11 (7.30)
	Under graduate	38 (25.30)
	Post graduate	63 (42.00)
Professional	16 (10.70)	
4	Marital status	83 (55.70)
	Married	67 (44.30)
	Unmarried	
5	Area of Residence	
	Urban	55 (37.00)
	Semi-urban	43 (28.30)
Rural	52 (34.70)	



6	Occupation		
	Daily wage Earners	3	(2.00)
	Agriculturist	15	(10.30)
	Employee	49	(32.30)
	Business	18	(12.00)
	Professional	12	(8.00)
	Student	37	(24.70)
	Housewife	16	(10.70)
7	Family income		
	Up to Rs 15000	17	(11.30)
	Rs 15000 to Rs 30000	75	(50.00)
	Above Rs 30000	58	(38.70)
8	Status in the Family		
	Head	41	(27.70)
	Member	109	(72.30)
9	Type of Family		
	Joint	86	(57.30)
	Nuclear	64	(42.70)
10	No of Family Members		
	Up to three	74	(49.70)
	Four and above	76	(50.30)

1. 51% of the policyholders are Females.
2. The respondents whose age ranges between 21 years and 40 years are majority avail insurance policies.
3. 42% of the respondents are with post graduates as their education qualification.
4. The most of the respondents are married.
5. 37% of the respondents reside in an urban area.
6. The large sections of the policy holders are employed.
7. The half of the policyholder's income ranges between Rs 15000 and Rs30000.
8. The majority of the respondents belong to member's category.
9. 57.30% of the respondents belong to joint family.
10. The most of the policy holders have more than three family members.

Determinants of Policy Holder's Satisfaction
Table2:Showing the Age with policy holder satisfaction.

Age	Level of Satisfaction						Total	
	Low		Moderate		High			
	No.	%	No.	%	No	%	No.	%
Up to20	2	15.4	8	61.5	3	23.1	13	100
21-40	13	13.0	71	68.6	19	18.4	103	100
Above 40	5	14.9	25	74.6	4	10.4	34	100
Total	20	13.7	104	69.3	26	17	150	100

Null Hypothesis: There is no significant relationship between Age and level of satisfaction.

Result: Chi- square test reveals that the calculated value of chi- square 3.189 is less than the table value at 5% level ($\chi^2 = 3.189 < 9.488$) so the null hypothesis is accepted. There is no significant relationship between age and level of satisfaction.



Table 3 Showing the Educational Qualification with Policy Holder Satisfaction

Educational Qualification	Level of Satisfaction						Total	
	Low		Moderate		High			
	No.	%	No.	%	No.	%	No.	%
Illiterate	1	11.1	4	77.8	1	11.1	5	100
SSLC	2	14.3	11	65.7	4	20.0	17	100
HSC	1	4.5	11	91.5	0	0	11	100
Under Graduate(UG)	6	15.8	25	65.8	7	18.4	38	100
Post Graduate(PG)	9	14.3	40	64.3	13	21.4	63	100
Professional	2	12.5	13	81.3	1	6.3	16	100
Total	20	13.7	104	69.3	26	17	150	100

Null Hypothesis: There is no significant relationship between Educational Qualification and Level of Satisfaction.

Result: Chi- square test reveals that the calculated value of chi- square 21.118 is greater than the table value at 5% level ($\chi^2=21.118 > 18.307$) so the null hypothesis is rejected. There is significant relationship between Educational Qualification and Level of Satisfaction.

Table 4 Showing the Occupation With Policy Holder Satisfaction

Occupation	Level of Satisfaction						Total	
	Low		Moderate		High			
	No.	%	No.	%	No.	%	No.	%
Daily Wage Earners	1	16.7	3	83.3	0	0	3	100
Agriculturist	3	19.4	11	71.0	2	9.7	16	100
Employee	7	14.4	34	70.1	7	15.5	48	100
Business	3	16.7	12	69.4	3	13.9	18	100
Professional	1	4.2	10	83.3	2	12.5	12	100
Student	4	10.8	24	64.9	9	24.3	37	100
Housewife	2	15.6	10	62.5	3	21.9	16	100
Total	20	13.7	104	69.3	26	17	150	100

Null Hypothesis: There is no significant relationship between Occupation and level of satisfaction.

Result: Chi- square test reveals that the calculated value of chi- square 9.871 is less than the table value at 5% level ($\chi^2=9.871 < 21.026$) so the null hypothesis is accepted. There is no significant relationship between Occupation and Level of Satisfaction.

Table 5 Showing The Monthly Income With Policy Holder Satisfaction

Monthly Income	Level of Satisfaction						Total	
	Low		Moderate		High			
	No.	%	No.	%	No.	%	No.	%
Up to Rs.7500	4	8.3	37	68.5	13	23.1	54	100
Rs.7501- Rs.15000	9	18.4	33	67.3	7	14.3	49	100
Above Rs.15000	7	14.9	34	72.3	6	12.8	47	100
Total	20	13.7	104	69.3	26	17	150	100



Null Hypothesis: There is no significant relationship between Monthly Income and level of satisfaction.

Result: Chi- square test reveals that the calculated value of chi- square 12.942 is greater than the table value at 5% level ($\chi^2=12.942>9.488$) so the null hypothesis is rejected. There is significant relationship between Monthly Income and Level of Satisfaction

Table 6 Showing the Number of Policies with Policy Holder Satisfaction

Number of Policies	Level of Satisfaction						Total	
	Low		Moderate		High			
	No.	%	No.	%	No.	%	No.	%
One	13	18.4	47	66.7	11	14.9	71	100
Two	6	10.5	40	70.2	11	19.3	57	100
Three	1	6.7	17	75.6	4	17.8	22	100
Total	20	13.7	104	69.3	26	17	150	100

Null Hypothesis: There is no significant relationship between Number of policies and level of satisfaction.

Result: Chi- square test reveals that the calculated value of chi- square 9.871 is less than the table value at 5% level ($\chi^2=5.932<9.488$) so the null hypothesis is accepted. There is no significant relationship between number of policies and Level of Satisfaction.

Findings of the Study

1. Youngsters have high level of satisfaction. The policyholders who are below the age 20 years are having high level of satisfaction at 5% level. There is no significant relationship between age and level of satisfaction.
2. Post graduate policy holders have high level of satisfaction. The under graduates have low level of satisfaction. From this it is identified that Educational Qualification are found to be associated with policy holder's satisfaction.
3. The student population has high level of satisfaction. The agriculturists have low level of satisfaction. There is no significant relationship between Occupation and Level of Satisfaction.
4. Policyholders with monthly income above Rs 15000 have high level of satisfaction. The policy holders' monthly income ranges between Rs 7501 and Rs 15000 have low level of satisfaction. From this it is clear that monthly income is found to be associated with policy holders' satisfaction.
5. Those are having more than two policies have high level of satisfaction. Those are having only one policy have low level of satisfaction. There is no significant relationship between Number of policies and level of satisfaction.

Suggestions and Recommendations

1. The LIC have to create a new structure of policies for youngsters and juniors.
2. The LIC should spread its wings in rural areas; it will enable the policy holders rather they approach in urban area.
3. The lower and middle class people unable to make premium payment in time. So, the number of installments should be raised.
4. The LIC has to create awareness among female policy holders, regarding the benefits of the LIC policies.
5. Those who are below 20 years should be taught and well equipped about LIC then only they will have interest to joint in LIC.
6. The females are not interested because of their ignorance, in fact LIC have to educate females about the LIC policies, LIC can offer more benefits, and flexible while taking policies. LIC should create awareness among females and lower class people.
7. The under graduate are not having apropos knowledge about LIC, en bloc we can educate Illiterates, and Agriculturists through frequent advertisement.



8. To increase the level of insurance penetration LIC may focus on bringing products that suit to the female customer.
9. The company, if possible should invest in advertising, conduct road shows, and spend money on hoardings, so that it can create awareness about its unknown products.
10. Procedure may be simplified.

Conclusion

The majority of the policy holders are satisfied with LIC`s service. This shows that female and agricultural policy holders have not understood clearly about the purpose of insurance, so it is suggested that the life insurance company should conduct insurance awareness campaign with the help of advertisements and social groups. The awareness on insurance has to be increased in their early age. In the emerging boom the insurance company, should be customer centered, should be well versed in the handling of problem and grievances of the policy holders. Each and every product and services launched by the insurance company should be in favour of increasing need of policy holders. IRDA should be more and more responsible to the insurance sector by determining some standard. It should be mandatory to every insurer to make more and more responsible and responsive to the policy holders.

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