



SATISFACTION OF POLICYHOLDERS ON LIFE INSURANCE CORPORATION OF INDIA OF COIMBATORE SOUTH REGION OF TAMIL NADU

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Abstract

Insurance sector in India is one of the booming sectors. About 20% of the total insurable population of India is covered under various life insurance schemes, the penetration rates of health and other non-life insurances in India is also well below the international level. This indicates that there is immense growth potential of the insurance sector.

Life insurance means to repay the contract amount to a family, if the policyholders meet with an untoward incident. On that purpose the LIC is introduced in 1956 in India. In two decades before the Life Insurance Corporation of India only to sell its Insurance Policies. In the year 2000 Insurance Regulatory and Development Authority (IRDA) allows private companies allied with foreign company to sell the life insurance products. Now-a-days LIC meets several competitions to overcome such problems only by increasing the satisfaction level of policyholders.

In this study is to assess the policyholder level of satisfaction of LIC in Coimbatore South Region. It consists of various plans issued by LIC and assesses the level satisfaction about LIC plans, premium level, services provided by LIC. Finally give the conclusion and suggestion to improve the satisfaction level of policyholders to overcome among the high competition. This study can be concluded that the level of satisfaction of policyholders is very high towards services offered by Life Insurance Corporation of India in the study area. The present study is suggested that the LIC officials concerned will come forward to implement various suitable life insurance plans and also to enhance various services offered by Life Insurance Corporation of India.

Key Words: *Policyholders, Life Insurance Corporation, Level of Satisfaction, Policies, Services.*

Introduction

The idea of insurance was born out of the desire of the people to share loss of an individual by many. Originally it restricted to forms other Life Assurance. It started with Marine Insurance. Where the losses on account of perils of sea were shared by all who were engaged in trade. The work “Yogaksheme” is used in the Rig Veda suggesting the same form of community insurance was practiced by the Aryans in India over 3000 years ago.

Insurance companies are called insurers. The business of insurance is to (a) bring together person with common insurance interests (sharing the same risks), (b) collect the share or contribution (called premium) from all of them, and (c) pay out compensation (called claims) to those who suffer.

Life insurance business has its origin in England. Insurance companies in India have a deep rooted history. It all began in 1818 when Oriental Life Insurance Company in Calcutta was established. From then on insurance was scattered across the country. It was an unorganized sector. Then In 1950, the entire insurance segment was nationalized. After achieving freedom, the insurance sector gained momentum. In India this business was established during the 19th century by the British companies in India followed by some Indian companies. This business was purely run by private companies and there was a remarkable growth for life insurance in all the spheres of its operation. In 1938 the Indian



Insurance Act was enacted to control the capital and administration of the life insurance business. This Act came into force in 1939. On 19th January 1956 an ordinance was promulgated by the President of India to take over the management and control of life insurance.

In India, insurance business is classified primarily as life and non life or general. Life insurance includes all risks related to the lives of human beings and general insurance covers the rest. Life insurance assures to replace income lost to a family if the policyholders meet with an untoward incident.

Statement of Problem

The main objective of LIC is to spread Life insurance widely and in particular to the rural areas. Now-a-days many insurance companies enter into the insurance marketing so the policyholders satisfaction is essential to overcome the competition. The development of LIC does not merely depend upon simply introducing various types of products in the market but also depends upon the level of satisfaction derived by the policyholders. Therefore in this study an attempt is made to assess the level of satisfaction of policyholders with LIC plans.

Review of Literature

Kadhar Mohideen & Sekar (2016) in their study explored that the Life insurance has become one of the necessities of human life. It offers financial security to the policyholder and/or his/her dependents in the event of his premature death or untoward disablement arising out of accidents. As death of the bread earner creates severe financial problem for the dependents and as the permanent physical or mental disablement also create even more severe financial problems for them adequate financial provision in the form of different life policies is essential. One life policy may not be suitable for all individuals therefore out of different life insurance policies an individual takes out a suitable combination of policies depending up on his financial and family needs. Number of dependents in the family is one of the important factors in buying decision about the number and types of life policies. The present research has made an attempt to assess the relationship between types of policy holding and dependants. The research revealed that whole life and endowment policies are more favoured by the samples with zero dependents, with one dependant, with two dependants and with four dependents.

Jayapriya C. K., and Dr. P. S. Chandni,(2016). In their research paper explain the number of customers investing in LIC is increasing rapidly due to various reasons. Some of them are investing to get tax advantage, while some others are for children education, children marriage, pension for future etc. The number of LIC agents are also increasing .They are providing adequate services to their customers. This study helps to find out the awareness level of customers towards various schemes of LIC and to measure the preference and satisfaction of policy holders towards LIC. The data required for the study are collected from 100 customers of LIC from Malappuram district through well designed questionnaire. Simple percentage and chi square test are used for analyzing the collected data.

Subha & Sathiyabama (2018) in their paper reveals that Insurance plays a vital role in the modern society. The developing country like India, now insurance industries are well developed. The insurance is divided into two parts one is Life Insurance and another one is General Insurance or Non-Life Insurance. Life insurance means to repay the contract amount to a family, if the policyholders meet with an untoward incident. On that purpose the LIC is introduced in 1956 in India. In two decades before the Life Insurance Corporation of India only to sell its Insurance Policies. In the year 2000 Insurance Regulatory and Development Authority (IRDA) allows private companies allied with foreign company



to sell the life insurance products. Now-a-days LIC meets several competitions to overcome such problems only by increasing the satisfaction level of policyholders.

Objectives of the Study

1. To study the overview and trend of Life Insurance Industry in India.
2. To know the level of satisfaction of policyholders towards services offered by Life Insurance Corporation of India in Coimbatore South Region of Tamil Nadu.

Methodology and Research Design

The present study is based on both primary and secondary data. The primary data were collected from the policyholders in LIC in Coimbatore South Region of Tamil Nadu by using the Interview Schedule Method. The secondary data were obtained from various books, magazines, journals, IRDA reports and annual reports.

The present study followed the convenient sampling method for the research work. The information was collected from the 90 policyholder from the selected areas. A well-structured questionnaire was designed to collect data from policy holders. Simple percentage analysis and weighted mean score ranking method are applied for analyzing the data.

Overview of Insurance Industry in India

- The life and non-life insurance market in India is estimated to register a CAGR of approximately 7%, during the forecast period.
- In the first decade of insurance sector liberalization, the insurance sector reported a consistent increase in insurance penetration from 2.71% in 2001, to 5.20% in 2009. Since then, the level of penetration has declined. Additionally, there was a slight increase in the years 2015 (3.44%), 2016 (3.49%), 2017 (3.69%), and 2018 (3.70%). The level of insurance density reached up to USD 64.4 in the year 2010, from the level of USD 11.5 in 2001. However, there was a slight decline in the level of insurance density, but it regained its position gradually to USD 74 in the year 2018, as compared to USD 73 in 2017.
- The life insurance penetration had gone up from 2.15% in 2001, to 4.60% in 2009. Since then, it exhibited a declining trend till 2014. There was a slight increase in insurance penetration in 2015 reaching 2.72%, while it remained the same in 2016, increased to 2.76% in 2017, and decreased to 2.74% in 2018. The insurance penetration of the non-life insurance sector in the country has gone up from 0.56% in 2001, to 0.97% in 2018 (0.93 in 2017). Its density has gone up from USD 2.4 in 2001, to USD 18 and USD 19 in 2017 and 2018, respectively.
- The life insurance industry recorded a premium income of INR 508,132.03 crore during 2018-2019, as opposed to INR 458,809.44 crores in the previous financial year, registering a growth of 10.75% (9.64% growth in the previous year). While private-sector insurers witnessed 21.37% growth (19.15% growth in the previous year) in their premium income, LIC (Life Insurance Corporation of India) recorded 6.06% growth (5.90% growth in previous year).
- The general insurance industry underwrote a total direct premium of INR 169,448 crore in India for the financial year 2018-2019, as compared to INR 150,662 crores in 2017-2018, registering a growth rate of 12.47%, over 17.59% growth rate recorded in the previous year. The public sector insurers exhibited a growth of 1.28% in 2018-2019, over the previous year's growth rate of 12.58%, whereas the private general insurers registered a growth rate of 24.25%, over 21.59% growth rate during the previous year.



- During 2018-2019, life insurers issued 286.48 lakh new individual policies, out of which LIC issued 214.04 lakh policies and the private life insurers issued 72.44 lakh policies. While the private sector achieved a growth of 5.61% in the number of new policies issued compared to the previous year, LIC achieved a growth of 0.31%. The general insurers (excluding Standalone Health Insurers) have issued 1,832.74 lakh policies in FY 2018-2019, as compared to 1,702.30 lakh policies issued in FY 2017-2018, thus, reporting an increase of 7.7% during FY 2018-2019 (over 10.4% increase in FY 2017-2018).

Analysis and Discussions

Table No.1,Types of Insurance Plans

Sl.No.	Types	Weighted Average	Ranks
1	Insurance Plans	25.7	I
2	Pension Plans	20.3	III
3	Units Plans	21.0	II
4	Special Plans	17.9	V
5	Group Scheme Plans	18.8	IV

Source: Primary Data

The above table results shows that the policyholders are preferred mostly life insurance plans, followed that units plans, pension plans, group scheme plans and special plans.

Table No.2,Opinion of Policyholders about LIC Premium

Sl.No.	Level of Satisfaction	Frequency	Percentage (%)
1	Highly Satisfied	31	34.44
2	Satisfied	47	52.23
3	Moderately Satisfied	9	10.00
4	Unsatisfied	3	3.33
Total		90	100.00

Source: Primary Data

It is understood from the table 2 that the policyholders' opinion about LIC policy premium is more affordable for them (52.23 per cent), followed by highly satisfied (34.33 per cent), moderately satisfied (10 per cent) and least number of policyholders are unsatisfied (3.33 per cent) with LIC premium in the study area.

Table No.3,Opinion of Policyholders towards Services offered by LIC

Sl.No.	Level of Satisfaction	Frequency	Percentage (%)
1	Highly Satisfied	78	86.67
2	Satisfied	12	13.33
3	Moderately Satisfied	0	0
4	Unsatisfied	0	0
Total		90	100.00

Source: Primary Data



It is evident from the table 3 that 86.67 per cent of the policyholders are highly satisfied with various services offered by Life Insurance Corporation India and 13.33 per cent of them are satisfied. The result convey that majority of the policyholders are highly satisfied and satisfied towards various services offered by Life Insurance Corporation of India.

Table No.4,Opinion of Policyholders towards Maturity of Policy

Sl.No.	Level of Satisfaction	Frequency	Percentage (%)
1	Highly Satisfied	74	82.22
2	Satisfied	16	17.78
3	Moderately Satisfied	0	0
4	Unsatisfied	0	0
Total		90	100.00

Source: Primary Data

It is identified from the table 4 shows that the maturity of policy amount is given by Life Insurance Corporation of India is highly satisfied (82.22 per cent), and 17.78 per cent of the policyholders are satisfied with maturity policy amount is provided by LIC.

Summary and Conclusion

- ❖ It is find that majority of the policyholders are highly satisfied and satisfied towards various services offered by Life Insurance Corporation of India.
- ❖ According to the result, the policyholders are satisfied in premium of Life Insurance Corporation plans in the study area.
- ❖ It is captured that the satisfaction towards service provided by LIC, death claim, maturity, security of money is highly satisfied to the policyholders.
- ❖ It is also identified that mode of payment the half yearly and quarterly mode are highly preferred by the policyholders.
- ❖ It is find that policyholders are highly satisfied with the insurance plans offered by Life Insurance Corporation of India.

LIC of India is the leading public sector insurance company in India has facing very stiff competition from the new players entering the market. LIC of India is facing increased competition on one front and a decline in the market share on the other hand. LIC has always been in the forefront of utilizing its recourses effectively. This study was conducted with the aim of studying towards the satisfaction of LIC policyholders in Coimbatore South Region.It covers the level of satisfaction and ideas for improving the level of satisfaction of policyholders. This study can be concluded that the level of satisfaction of policyholders is very high towards services offered by Life Insurance Corporation of India in the study area. The present study is suggested that the LIC officials concerned will come forward to implement various suitable life insurance plans and also to enhance various services offered by Life Insurance Corporation of India.

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