



THE ROLE OF LIC TOWARDS CUSTOMER SATISFACTION

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Abstract

Life insurance may be a big opportunity in India due to its huge population and untapped market. After liberalization, privatization and globalization, it's been duly realised by all the insurance players that customer satisfaction is that the pivotal element for enhancing business performance. However, there's absolutely no exaggeration in mentioning that the quantity of customer grievances within the insurance domain has gone up steeply. Redressal of customers' grievances is simply a reactive way of insurers providing the minimum expected customer service. The necessity of the hour may be a more proactive approach geared toward seeking what additional elements would delight the customer more and more.

Life Insurance Corporation of India (LIC) still continues to be dominant life insurer within the liberalized scenario of Indian insurance. With a greater choice and awareness, there's continuous increase within the customers' expectations and that they demand better quality service. The study attempts to live the policyholder's perception and expectation on service quality dimensions of LIC. This study explores satisfaction level of shoppers towards Insurance Corporation in Mumbai city. Thanks to increasing awareness among people about their uncertainty of life and increasing competition in Insurance sector, it's significant for Insurance Companies to know the requisite of their customers. The most aim of this study is to grasp the buyer satisfaction towards LIC. This study relies on primary data which is collected through questionnaire among 150 policyholders in Mumbai and data were analyzed with multi variety statistical tools like percentage, cross tabulation and chi-square to spot the factors liable for consumer satisfaction towards LIC.

Keywords: LIC, Consumer Satisfaction, Consumer Awareness



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Introduction:

In the post liberalisation era, there has been an entire transformation within the insurance market. Entry of personal players into the industry and its stringent entry norms, regulations of intermediaries and widening of



the channel, etc. cause a formidable growth of the insurance industry. Huge untapped Indian market and unlimited future opportunity lure many foreign players towards investment in life assurance business. Because of increasing competition and therefore the increasing expectation of policy holder's results in measure the attention and satisfaction level of the purchasers. Insurance Corporation of India (LIC) may be a public sector giant within the life assurance industry in India. LIC enjoyed monopoly in insurance sector during the pre-liberalized period. After Liberalization in insurance sector, service quality has become a very important tool for proving difference among the insurance industries in India. Hence LIC began to provide more services so as to satisfy the necessity of the customer and for its success and survival within the Insurance Sector. Because of change in need and preferences of the policy holders, it's becoming difficult for the insurance underwriter to grasp and measure the service effectively. Quality is an attribute of product or service that fulfils the requirement of a customer and satisfy customers expectations. Service quality improvements will result in customer satisfaction and price management which result in improved profits. Service quality helps to make the mandatory competitive advantage by being a good differentiating factor.

Customer satisfaction could be a measure of how products and services supplied by an organization meet or surpass customer expectation. In an exceedingly competitive marketplace where businesses compete for patrons, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy. The concept of consumer satisfaction occupies a central position in marketing thought and practice. Satisfaction may be a major outcome of selling activity and serves to link processes culminating in purchase and consumption with post purchase phenomena like attitude change, repeat purchase, and brand loyalty.

Objectives of the Study:

The objectives of this study are as follows:

- To know the patron satisfaction towards services offered by insurance Corporation in Mumbai city.
- To determine the factors and attributes that influences the policyholders towards different policies.
- To find the extent of customer satisfaction of varied insurance policies offered by LIC of India, Mumbai.
- To study the issues faced by policyholder and methods to reinforce life assurance service.

Review of Literature

The study of previous literature regarding the consumer satisfaction and Life insurance Corporation helps to get an idea about different approaches made by the earlier researches in the field and also to identify the research-gap. The following are the few reviews taken from the renowned authors work.

Roy (1987) examined the environment and impact for providing better customer services to policyholders for fulfilling their needs by providing quality service. The author found about various steps for providing quality service to the customer by providing training programmes to their agents and employees, origin of new branches and services will enhance the quality of Life Insurance Company. Planning Department (1987) discussed about level of customer satisfaction towards particular services provided by LIC such as timely report of discharge forms, cooperation among employees, receipt of policy amount contained by due date the study revealed that insurance company should keep on measuring the maturity settlement claim for quick settlement to the policyholder and their grievances at the delay in settlement could be satisfied by providing an prompt attention to them when they visit office. The Insurance Institute of India (1987) examine the Extent of life insurance coverage, awareness, attitudes and beliefs of people on life insurance,



perceptions, sense of identification of employees with Life Insurance Company. Author found that LIC is a better investment than bank deposits and their product are popular among the consumers on account of its reliability. Shejwalker (1989) examined "Training in Life Insurance Marketing" author discussed about the importance of train agents for the development of life insurance business and he found out that present pattern of selecting agent should be changed and suggested that private institution should impart trainings to their agents.

Kirubashini (1991) study was undertaken to know the level of awareness, preference and factors influencing the policy holdings and to know the relationship between policy holdings and influencing factor. The study found that majority of the respondents were aware of the endowment policy and they preferred it as their choice. The study also revealed that there is relationship between individual factors like age, income, gender and policy holdings. Frank and Enkawa (2010) examined the impact of economic growth and economic expectation that influence the customer satisfaction and their quality. They found that policyholders are positively influenced towards economic growth and negatively influenced towards their economic expectation and also found that economic expectation and quality expectations are positively correlated.

Need of the Study

Customer satisfaction is one amongst the important tools for the every insurance firm and it focuses on analyzing the attention and satisfaction level of the purchasers towards their investment of cash in risk-free avenues. Therefore it's important to hunt out the factors that influence customer satisfaction which is able to contribute to the event of our economy. Besides that, it's essential to spot the explanation that restrains one from becoming customers of insurance. It's a rare perspective compare to researches conducted supported factors like policies, price and promotion and this can help in enhancing the insurance corporation for providing good policies to their customer in line with their requirement and to investigate consumer satisfaction towards insurance policies. The study analysis the buyer awareness and satisfaction level of LIC policyholder. Consumers are captivated with their satisfaction and in increasing stiff competitive and ruthless market lead the policyholders to become more aware of their policies they availed. Consumer satisfaction is a vital tool in Insurance Industry. Change within the taste and preference of the customer LIC Company should identify and prioritize the customer's expectation, in order that LIC can adopt a replacement business environment for avoiding the failures and supply more services to their customers. So therefore it's necessary for the LIC Company to understand which aspects to live and identify the various tools for the satisfying and retaining their customers for achieving long run profit.

Now a day's customers are aware of the insurance. Since life is uncertain, it plays vital role in everyone's life for securing their future. So therefore understanding the customer requirement is one among the important things for Insurance companies for achieving their targeted profit. Therefore to determine how effectively insurance companies are satisfying the policyholders' needs is very important.

Research Methodology:

This research paper is based on descriptive research design was adopted for analyzing the customer satisfaction towards Life Insurance Corporation. This study is based on both Primary and Secondary data. Primary data were collected using questionnaire the first part of the questionnaire consist of demographic profile of the consumer and the second part consists of five point scaling questions relates to consumer satisfaction towards Life Insurance Corporation and the secondary data were used for collecting information on published sources like magazine, books, journals, annual report



etc. about consumer satisfaction for clear understanding of the concept. The sample size is limited to 100 and convenient Sampling techniques were adopted for collecting the data.

By using suitable statistical tools like percentage analysis, cross tabulation, chi-square test, and ANOVA. The collected data were analyzed and results were interpreted.

Findings / Interpretation of the Study:

The results of the study lights on consumer satisfaction towards Life Insurance Corporation with reference to Mumbai city, which enlighten on customer satisfaction, awareness and attitude towards Insurance sector,

Table 1. Demographic Profile of the Respondents

	PROFILE	FREQUENCY	PERCENTAGE
1)Gender	Male	90	60.00
	Female	60	40.00
2) Occupation	Professional	56	37.33
	Business	30	20.00
	Employed	42	28.00
	Others	22	14.66
3)Age	Below 25 years	40	26.67
	26 - 35 years	66	44.00
	36 – 45 years	35	23.33
	Above 45 years	09	6.00
4) Education	Graduation	27	18.00
	Post-Graduation	65	43.33
	Professional	50	33.33
	Other	08	5.33
5)Income	Below Rs.1,00,000	28	18.67
	Rs.1,00,000-2,00,000	35	23.33
	Rs.2,00,000-5,00,000	50	33.33
	Rs.5,00,000-10,00,000	23	15.33
	Above Rs.10,00,000	15	10.00
6) Family	Nuclear Family	100	66.67
	Joint Family	50	33.33
Total		150	100

The demographic characteristics of the respondents are presented in table 1. Out of 150 respondents 60 % of the respondents were male and the remaining 40 were female. 44% of policyholders fall under the age group of 26-35 years



and 43.33% have done their post – Graduation which is followed by Professional 33.33%. 66.67% of them belong to nuclear family. 37.33% of the respondents were professional, 28.0% of the respondents were employed. 18.67% of the respondents fall under the income group of below Rs.1,00,000, 23.33% of respondents fall under the income group of Rs.1,00,000 to 2,00,000, 33.33% of respondents fall under the income group of Rs.3,00,000 to 5,00,000, 15.33% of respondents fall under the income group of above Rs.5,00,000 – 10,00,000, where remaining 10% of respondents fall under the income group of above Rs.10,00,000.

Table 2. Consumer Satisfaction towards LIC

Particulars		Frequency	Percentage
Sources of awareness	Advertisement	30	20.00
	Friends and relatives	65	43.33
	Agents	40	26.67
	Marketing executives	15	10.00
Satisfaction towards premium rate	High	30	20.00
	Reasonable	95	63.33
	Low	25	16.67
Mode of payment	Monthly	17	11.33
	Quarterly	34	22.67
	Half-yearly	45	30.00
	Annually	54	36.00
Policy preferred by policyholders feel secured	Child plans	37	24.67
	Pension Plans	32	21.33
	Protection Plans	47	31.33
	Saving Plans	20	13.33
Reason for non-renewal of the policy	Financial Problem	70	46.67
	Business Problem	35	23.33
	Personal Problem	40	26.67
	Not willing to continue	05	3.33
Duration of policy	Less than 3years	20	13.33
	3-8 years	56	37.33
	8-15 years	44	29.33
	Above 15 years	30	20.00

Factors influencing media advertisement	Television	67	44.67
	Exhibition	20	13.33
	Trade journals	50	33.33
	Others	13	8.67
Total		150	100

Source: Primary data

In this study, out of 150 LIC policyholders, 43.33% of the policyholders were aware about policies through their friends and relatives which were followed by 26.66% from their agents. 63.33% of the policyholders felt that premium rates are reasonable. 36% of respondent prefer to pay the premium on annual basis due to International Journal of Development and Sustainability constrain in their income. 31.33% of the policyholders feels secured to invest in protection plan which is followed by child plan (27.67%).46.66% of the respondent were facing financial problem so they were not able to renew their policies. 37.33% of the policyholder proceeds policy for the period of 3 -8 years. Majority 44.66% of respondent were influenced through television advertisement.

Table 3. Cross Tabulation - Consumer Satisfaction towards LIC Based On Their Gender

Level of Satisfaction	Gender		Total
	Male	Female	
High level of satisfaction	48.4	30.6	79.0
Low level of satisfaction	41.6	29.4	71.0
Total	90.0	60.0	150.0

Source: primary data

Table 3 reveals that 48.4 % of the male and 30.6 % of the female have a high level of satisfaction, 41.6% male and 29.4% female have low level of consumer satisfaction towards LIC.

- H0 (Null hypothesis)* = the satisfaction of respondents does not significantly vary according to their gender.
- H1 (Alternate hypothesis)* = the satisfaction of respondents does significantly vary according to their gender.

Table 4. Chi-Square -Consumer Satisfaction towards LIC on the basis of Gender

Chi – square	Value	Sign
Pearson Chi-Square	0.609	.346

0 cells (0.0%) have expected count less than 5. The minimum expected count is 18.58.

The Pearson Chi- Square calculated value is 0.609 and it is significant at the level of significance .346 at the degrees of freedom 1. In the above obtained result, since the significance value is more than 0.05 the null hypothesis is accepted and alternate hypothesis is rejected and it is concluded that the satisfaction of respondents on does not significantly vary according to their gender.

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Table 5. Cross Tabulation - Consumer Satisfaction towards Desire of Their Policies.

Policyholders /desired policy	High level of satisfaction	Low level of satisfaction	Total
Retirement Plans	15	19	34
Child Plans	14	19	33
Protection plans	20	18	38
Saving Plans	10	15	25
Others	1	10	20
Total	69	81	150

Table 5 exposes that 20 policyholder have high level of satisfaction towards their protection plans which is followed by 15% of respondents prefer retirement plan and 19% of the respondent has low level of satisfaction towards their desire for investing in child plan.

- *H0 (Null hypothesis)* = there is no significant difference between consumer satisfaction and their desire towards selection of policy.
- *H1 (Alternate hypothesis)* = there is no significant difference between consumer satisfaction and their desire towards selection of policy.

Table 6. Chi-Square - Consumer Satisfaction towards Desire of their Policies

Chi – square	Value	Sign
Pearson Chi- Square	1.041	.308

The Pearson Chi- Square calculated value is 1.041 and it is significant at the level of significance .308 at the degrees of freedom 1. In the above obtained result, since the significance value is more than 0.05 the null hypothesis is accepted and alternate hypothesis is rejected and it is concluded that the satisfaction of respondents were not significance between their selection of desired policies and their satisfaction.

ANOVA: The ANOVA is a statistical tool for separating the total variability found with the data. It used to determine the impact on independent variables have on the dependent variable in a regression analysis. ANOVA test is used to identify the factors that influencing the given data set.

Table 7. One Way Analysis on Consumer Satisfaction towards Their Gender

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	12.832	3	4.277	4.813	.003
Within Groups	174.188	196	.889		
Total	187.020	199			

4.813

**Inference:**

- H0 (Null hypothesis) = There is no significant mean variation between customer satisfaction with their gender.
- H1 (Alternate hypothesis) = There is significant mean variation between customer satisfaction with their gender.

Table 7 shows that the effectiveness of ERP system based on satisfaction of the consumer. The F value is 4.813 and it is significant at the level of significance .003 at the degrees of freedom 3. In F test if the significant value is above 0.05 then Accept null hypothesis and reject the alternate hypothesis. And this study shows there is no significant mean variation between customer satisfactions with their gender.

Table 8. One Way Analyses on Consumer Satisfaction towards Their Occupation

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	46.329	3	15.443	1.719	.000
Within Groups	95.426	196	.487		
Total	141.755	199			

Inference:

- H0 (Null hypothesis) = There is no significant mean variation between consumer satisfaction with their occupation.
- H1 (Alternate hypothesis) = There is significant mean variation between consumer satisfaction with their occupation.

Table 8 shows that the effectiveness of ERP system based on satisfaction of the consumer. The F value is 1.719 and it is significant at the level of significance .000 at the degrees of freedom 3. In F test if the significant value is above 0.05 then Accept null hypothesis and reject the alternate hypothesis. And this study shows there is significant mean variation between consumer satisfactions with their occupation.

Conclusion & Suggestions

Satisfaction is a most important considered factor among the customers and company to add value towards their product and service which leads to customer satisfaction. This study results that every insurer should understand the consumer requirement about the policies offered by them. Some of the suggestions, for LIC in India can succeed by covering more clients through advisers and advertisement. They should create awareness among the illiterate and rural groups for the growth of business by concentrating on more promotional activities. They should create economic value for the customers. So, that lack of trust and privacy among the customer can be avoided, quick repayment and security measure should be taken for attracting more policyholders. International Journal of Development and Sustainability.

Suggestions:

1. To increase the level of insurance penetration LIC may focus on bringing products that suit to the rural customers.
2. The company 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 may provide additional funds to its development officers and agents.
4. Claim settlement process should be made fast and must not involve lengthy decision -making process.
5. Customer friendly documentation i.e. it should be made easier and faster.

**Conclusion:**

Insurance is a protection against uncertain events that may occur in the future. Company's image is the highly important criteria that consumers consider before enrolling up a life insurance. This is mainly because people expect safety and security for their money which they invest, followed by the factor Premium which they pay to the insurer and then Bonus and Interest paid by the company, services etc to be considered by the customers. LIC dominates the Indian insurance industry. 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, varieties of product offerings and multiple distribution channels cause companies to value satisfied and highly profitable customers. Customer service is the important success factor in a company and providing top notch customer service differentiates great customer service from indifferent customer service. The entry of private sector insurance companies into the Indian insurance sector triggered off a series of changes in the industry. Even with the stiff competition in the market place, it is evident from the study that products offered by the LIC are creative, innovative and of the liking of the customers, moreover they are satisfied by the true knowledge provided by the company or agents and they are easily accessible, Flexible payment schemes with no hidden cost, there is no undue delay in claims settlement, customers are highly satisfied by the grievance redressal mechanism, and in the near future if they will go for the policy they will stuck to LIC of India, which shows the great faith and positive perception of the customers towards LIC of India.

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