



A study on customer satisfaction towards LIC with special reference to Villupuram town

¹ Dr. C Selvarani, ² A Riswana Parveen

¹ Assistant Professor, Research Supervisor, Department of Commerce, Arignar Anna Arts & Science College, Villupuram, Tamil Nadu, India

² Research Scholar (M.Phil), Arignar Anna Arts & Science College, Villupuram, Tamil Nadu, India

Abstract

Over the last few years, developments in the insurance sector have resulted in a fundamental change in the way the business is conducted. Customer servicing today has become the focal point of insurance companies. However, there is absolutely no exaggeration in mentioning that the amount of customer grievances in the insurance domain has gone up steeply. Redressal of customers' grievances is just a reactive way of insurers providing the minimum expected customer service. The need of the hour is a more proactive approach aimed at seeking what additional elements would delight the customer more and more. This study explores factors, which are important determinants of customer satisfaction in case of life insurance customers, to see how much effect the factors have on overall customer satisfaction; and identifies the common grievances of customers with regard to their life insurance policies. The study was restricted in the town of Villupuram. The factors identified for overall customer satisfaction are customised and timely service, Brand unique selling proposition considerate employees Price Immunity and results indicate that satisfaction with product offerings is the primary driver of overall customer satisfaction in case of insurance policies, even if the after sale service is not up to the satisfaction level. Customers were satisfied with their insurance policies but they were not satisfied with the quality of agents.

Keywords: customer satisfaction, customer, customer relationship management, LIC

Introduction

Customer satisfaction is a business term, is a measure of how products and services supplied by a company meet or surpass customer expectation. It is seen as a key performance indicator within business and part of the four prospective of balanced score card. In a competitive market place were businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy customer satisfaction drives successful private sector business. High performing businesses have developed principles and strategies for achieving customer satisfaction. A framework or set of ideas for using customer satisfaction principles and strategies to improve the quality responsiveness, and possibility of public sector privately provided services in vulnerable communities. The framework suggested that resident who live in tough neighbourhoods can be supported through customer satisfaction strategies to become empowered individuals. Customer satisfaction is a measure of how products and services supplied by a company meet or surpass customer expectation. In a competitive marketplace where businesses compete for customers, 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 is a major outcome of marketing activity and serves to link processes culminating in purchase and consumption with post purchase phenomena such as attitude change, repeat purchase, and brand loyalty.

Statement of the problem

Investors are confusing because various policies are available in market. So this study will help the customers to understand the customer's satisfaction and perception level about life insurance policies with respect to Life Insurance Corporation of India with respect to Villupuram District and how a customers satisfied while they selects, organises and interprets the quality of service and product offered by the company.

Objectives

- To find out the socio-economic profile of insurance investors.
- To find out the awariness of people about insurance policies provided by the LIC of India, Villupuram.
- To identify the customer preference towards life insurance policies of LIC of India, Villupuram.
- To Find the level of customer satisfaction of various life insurance policies offered by LIC of India, Villupuram.
- To study the various factors that influences the customer to choose the life insurance policy.
- To analyse the strength and weekness of the life insurance policies of LIC of India, Villupuram.

Review of literature

Pushp Deep Dagar and Sunil Phougat (2011) ^[5] in their article on "Impact of Privatization of Life Insurance Sector on Consumer" reveal that the policyholders are more satisfied with the services of private insurers than LIC with regard to the attractive policy offerings with low premium and long

period and their consistent services.

Vikas Gautam (2011) [6] in his study captioned, “Service Quality perceptions of customers about insurance companies: An Empirical Study”, to analyze and to compare the service quality perceptions of the customers in public and private insurance companies. He finds that among the five service quality dimensions namely, reliability, responsiveness, tangibility, assurance and empathy, the public sector insurance company – LIC - has high quality perception in reliability, responsiveness, assurance and empathy dimensions compared to private sector whereas in tangibility dimension, the private players has high level of perception compared to LIC.

Deepika Upadhyaya and Manish Badlani (2011) [2] carried out a study entitled, “Service Quality Perception and Customer Satisfaction in Life Insurance Companies in India”, with a view to identify customer satisfaction in retail life insurance in India. They identify that the customers are more satisfied with the pricing factor followed by employee competence, product and service, technology, physical appearances, trust, service delivery, advertising and service management.

Dharmendra Singh (2011) [3] in his study titled, “Factors affecting customers preferences for life insurers: An Empirical Study”, reveal that quick claim settlement, convenient payment system and better complaint redressal are the important factors which influences the policyholders satisfaction.

Methodology

Research methodology is a way of systematically solve the research problem in this study. In this research adopted various steps for collecting the data.

This research has been done with the aid of both the primary and secondary data. The source of primary data is drawn from a sample survey of 100 customers of LIC of India The datas are derived through well structured questionnaire. The secondary data is drawn from variety of source like research articles from Journals, Magazines, Books, New Reports and Websites.

Sample Unit

The sample unit selected for the study is Customers of LIC, Villupuram

Sampling Size

100 respondents were selected for the survey from Villupuram LIC.

Sampling Method

Simple random Sampling was the sampling technique used for collecting the data.

Statistical Tools Used

- Percentage Analysis
- Weighted Average Method
- Chi – Square Analysis

Data Analysis and Interpretation

Table 1: Annual income of the LIC policy holders

Income	No. of Respondentst tsTS	%
Below 1 Lakhs	18	12
1 Lakhs – 5 lakhs	75	50
5 Lakhs – 10 Lakhs	25	17
Above 10 Lakhs	32	21

Sources: Primary Data

The table-1 resembles that 50% of the policy holders said that their annual income is between 1 Lakhs – 5 Lakhs, 21% of policy holders have their annual income above 10 Lakhs, 17% of policy holders said that their annual income is between 5 Lakhs – 10 Lakhs and 12 % of them said their annual income is below 1 lakhs

Table 2: Response and guidance at regular intervals of agents is satisfactory regarding the LIC policies

Factors	No. of respondents	%
Strongly Agree	74	49
Agree	36	24
Neither Agree nor Disagree	21	14
Disagree	13	9
Strongly Disagree	6	4

Sources: Primary Data

The above table-2 indicates that 49% of the policy holders said that they are strongly agree that the response and guidance of agents at regular intervals regarding the policies, 24% said they are agree, 14% of them said neither agree nor disagree, 9% of them said disagree and 4% of them said that they are strongly disagree with the response and guidance of agents at regular intervals regarding the policies

Table 3: Policies / Plans of LIC is superior to or more attractive than the private insurance companies

Factors	No. of respondents	%
Strongly Agree	64	43
Agree	38	25
Neither Agree nor Disagree	19	13
Disagree	22	13
Strongly Disagree	7	6

Sources: Primary Data

The above table-3 indicates that 43% of the policy holders said that they are strongly agree that policies /plans of LIC is superior to or more attractive than the private insurance companies, 25% said they are agree, 13% of them said disagree, 13% of them said neither agree nor disagree and 6% of them said that they are strongly disagree that policies /plans of LIC is superior to or more attractive than the private insurance companies.

CHI-Square Analysis

Analysis between services offered and overall satisfaction with insurance policies

Services Offered (X) : 12 36 9 18

Overall Satisfaction

with insurance policies (Y) : 27 45 0 03

H0: There is no significant difference between services offered and overall satisfaction with insurance policies.

H1: There is significant difference between services offered and overall satisfaction with insurance policies.

Table 4

Particular	Fully satisfied	Partially satisfied	Not satisfied	Total
Services Offered (X)	35	97	18	150
Overall Satisfaction with Insurance Policies (Y)	30	106	14	150
Total	65	213	32	300

Table 4.1: CHI-Square Table

Observed values	Expected values	(O-E)	(O-E) ²	(O-E) ² /E
35	32.5	2.5	6.25	0.192308
97	106.5	-9.5	90.25	0.847418
18	16	2	4	0.25
30	32.5	-2.5	6.25	0.192308
106	106.5	-0.5	0.25	0.002347
14	16	-2	4	0.25
TOTAL	150		111	1.734381

$$\chi^2 = \frac{(O-E)^2}{E}$$

$$\chi^2 = 1.73$$

$$\begin{aligned} \text{Degrees of freedom}(r) &= (r-1) * (c-1) \\ &= (2-1) * (3-1) \\ &= 2 \end{aligned}$$

$$\chi^2 \text{ table value at } 0.02\% = 5.991$$

$$\text{Calculated value} = 26.482$$

Interpretation

Hence we reject Ho

Calculated value is larger than table value so there is significant difference between services offered and overall satisfaction with insurance policies.

Findings

From the above study, it has been found that can be drawn from the survey conducted by us can be summarized in the way Bank Deposits are the most preferred investment alternative which is available to people followed by alternatives such as Insurance, Real Estate, Gold and Silver, Mutual etc. The scheme mostly preferred by insurance holders was life protection schemes like death benefits followed by money growth plans like wealth creation and high return plans. It was found that nearly 50% of the respondents usually save less than 15% and the kind of investment mostly preferred by the respondents were both long and short term. According to the survey safety is the most important criterion which is excepted among all the respondents towards their investment alternatives followed by Return, Brand Name, Tax Benefits, Liquidity and Capital Growth. According to the study company image is to be the highly important criteria, which we consider before taking 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 we pay to the insurer and then Bonus and Interest paid by the company, services etc. It is clear that the majority i.e. more than half of investor’s investing in insurance are the

young people in the age group of 20-40.

Suggestions

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

Conclusion

Insurance is a tool by which fatalities of a small number are compensated out of funds collected from plenteous. Insurance is a safeguard against uncertain events that may occur in the future. Company image is the highly important criteria that consumers consider before taking up a life insurance. This is mainly because people expect safety and secure for their money which they invest, followed by the factor Premium which we pay to the insurer and then Bonus and Interest paid by the company, services etc 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, wide range of product offerings and multiple distribution channels cause companies to value satisfied and highly profitable customers. Customer service is the critical 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.

References

1. Anshuja Tiwari, Babita Yadav. Analytical study on Indian Life Insurance Industry in Post Liberalisation, International Journal of Social Science Tomorrow. 2012; 1(2): 1-10.
2. Deepika Upadhyaya, Manish Badlani. Service Quality

- Perception and Customer Satisfaction in Life Insurance Companies in India, International Conference on Technology and Business Management. 2011, 1011-1024.
3. Dharmendra Singh. Factors Affecting Customers Preferences for Life Insurers: An Empirical Study, The IUP Journal of Risk & Insurance. 2011; 8(2):34-49.
 4. Dinesh S, Arivazhagan R, Nandana Moorthy N. Assessment of Perceived Service Quality in Reliance Life Insurance Company Ltd. at South Tamilnadu, Indian Journal of Commerce and Management Studies. 2011; 2(2):127-137.
 5. Push Deep Dagar, Sunil Phougat. Impact of Privatization of Life Insurance Sector on Consumer, Southern Economist. 2011; 45(23):38-42.
 6. Vikas Gautam. Service Quality Perceptions of Customer about Insurance Companies: An Empirical Study, Indian Journal of Marketing. 2011; 41(3):18-19.
 7. Uma K, Selvanayaki S, Sankar M. A Survey of Life Insurance Customer's Awareness, Perception and Preferences, Marketing Mastermind. 2011, 33-37.