

POLICY HOLDER SATISFACTION ON ONLINE SERVICES OF LIC

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Introduction

Ours is an era of uncertainty and life is full of surprises. It is the sum total of tensions and apprehensions regarding the future uncertainties. Wherever there is an uncertainty, there is a risk. The risk can't be avoided. It has got multi-faceted dimensions and involves huge losses. No one can accurately predict the uncertainty. Life styles have changed rigorously and along with these changes, the uncertainties of lives of individuals have also increased. The choice to handle and manage these uncertainties of life lies purely with the individuals and it is their basic responsibility. The history of our Indian culture reveals that joint family system provided financial cushion and also protection when an unfortunate incident occurred to an individual in the family. The industrialization process of our country resulted into the division of the joint family system into nuclear family units and the support of the joint family system completely disappeared.

The history of our Indian culture reveals that joint family system provided financial cushion and also protection when an unfortunate incident occurred to an individual in the family. The industrialization process of our country resulted into the division of the joint family system into nuclear family units and the support of the joint family system completely disappeared. The domain of insurance solves one of the significant problems of a rational human being by building up a corpus for an uncertain future. The purchase of a life insurance policy is one such planned and systematic decision of the individual to minimize or if possible, even to eliminate the loss of risk arising out of

uncertainty. This gives him protection economically and also provides peace of mind as his family is sure to get relief from financial stress and strain.

The Indian society is largely traditional. The life insurance industry in India has not been given due importance as life insurance is considered only as a negative thinking of 'widow's money' when the bread-winner of the family is no more. The industry is associated purely with an inauspicious event. The insured feels that paying insurance premium to the insurers is real. But, receiving claim proceeds from them is only a distant contingent. Hence, our population can't take insurance in a positive manner. But, at present, it is considered a positive instrument by many for creating assets and wealth during long-period to the insured.

Insurance, generally, operates on the premise of uncertain future and as such its promotion and development depends mostly on the ability of insurers in assessing the real uncertainties of life of the insured. Insurance provides payment for unexpected losses for individuals, family and business firms, allowing their activities to continue smoothly despite unfavourable and unfortunate events. The message of former President of India, Abdul Kalam¹ that, "security in any facet of life is the primary prerequisite that impels an individual and the society to push forward to get to the heights of social and economic prosperity. Feeling of insecurity would totally dampen any enthusiasm to move forward and would certainly act as a negative factor inhibiting growth, nipping initiatives in the bud is to be conveyed to all rural people by the life insurance companies".

Statement of the Problem

Life has always been an uncertain thing. To be secure against unpleasant possibilities always requires the utmost resourcefulness and foresight on the part of the man. Man finds his security in Income (Money) which enables him to buy food, clothing, shelter and other necessities of life. A person has to earn income not only for himself but also for his dependents. He has to provide legally for his family needs and so he has to keep aside something regularly for a rainy day and for his old age. This fundamental need of the security for self and dependents proved to be the mother of invention of the institution of life insurance.

The Business of Insurance is related to the protection of the economic values of the assets. Every human being has the tendency to save to protect him from risks or events of future. Insurance is one form of savings wherein people try to assure themselves against risks or uncertainties of future. It is assurance against probable losses or risks or events. People can save their earnings either in the form of gold, fixed assets like property or in banking and insurances. In India, although savings rate is high but people prefer to invest either in gold or fixed assets so that they can make money out of it. Hence insurance sector is still untapped in India.

The insurance companies in India are vital for one's saving purpose. In the beginning, Insurance was looked at as a 'tax –benefit' investment. Slowly, however the mindset of the common man is changing. Life Insurance is now looked at as an investment vehicle. In India, Insurance Sector has not only been playing a leading role within the financial system but also performs a significant socio-economic function, making inroads into the interiors of the economy. It has also been facilitating economic development with an objective to build an efficient, effective and a stable insurance business in India as well as a strong base to cater to the needs of both the real economy and socio - economic objectives of the country.

Life Insurance system is as much a subject of evolutionary development and change as any other social system. There has been a vast scope of experimentation all over the world in the area of insurance sector. India is no exception to this. The institution of life insurance in India, over the years has received only a little awareness and acceptance and has attained only a small degree of maturity.

Liberalization and Globalization have made insurance industry a competitive one from near Monopoly position. With the introduction of private players in the sector there has been more transparency and flexibility in the sector. Now-a-days, policyholders' quality and level of service are playing an important role not only for retaining policyholders but also for expanding. Peter. F. Drucker quotes that "Quality in Service or product is not what you put into it. It is what the Client or customer gets out of it". Therefore, it is essential that the insurance industries need to assess their policyholders' perception towards service being offered by them. The retention of policyholders largely revolves around the identification and satisfaction of policyholders' needs and requirements. Policyholders' satisfaction or dissatisfaction gives an opportunity for improving quality of service in order to remain commercially competitive and to develop market base. Hence the present study has been taken to analyze the awareness and perception of policy holders on life insurance companies and their products to provide valuable suggestions for the penetration of the industry.

Objectives of the Study

The following are the objectives of the study.

1. To assess the Policyholder Awareness on the Online Services offered by the LIC in Coimbatore district.
2. To know the extent of usage of Online Services offered by LIC.
3. To identify the factors influencing LIC Policyholder Satisfaction.

Significance of the Study

Prior to 1912 India had no legislation to regulate insurance business. In the year 1912, the Life Insurance Companies Act, and the Provident Fund Act were passed. The Life Insurance Companies Act, 1912 made it necessary that the premium rate tables

and periodical valuations of companies should be certified by an actuary. But this Act discriminated between foreign and Indian companies on many accounts, putting the Indian companies at a disadvantage. The first two decades of the twentieth century saw lot of growth in insurance business. From 44 companies with total business-in-force as Rs.22.44 crore, it rose to 176 companies with total business-in-force as Rs.298 crore in 1938. During the mushrooming of insurance companies many financially unsound concerns were also floated which failed miserably. The Insurance Act 1938 was the first legislation governing not only life insurance but also non-life insurance to provide strict state control over insurance business.

The demand for nationalization of life insurance industry was made repeatedly in the past but it gathered momentum in 1944 when a bill to amend the Life Insurance Act 1938 was introduced in the Legislative Assembly. However, it was much later on the 19th of January, 1956, that life insurance in India was nationalized and the Life Insurance Corporation (LIC) has been established by an Act of parliament. Later, after four decades the insurance sector was liberalized in the year 2000 and the private insurers commenced their business in Indian soil. The life insurance industry in India services the largest number of life insurance policies in the world. Till the privatization of insurance sector in the year 2000, Life Insurance Corporation was the only life insurer in India enjoying 44 years of monopoly. By the end of March 2008 there were 18 life insurance companies operating in India. Apart from these 3 new life insurers were given certificate of Registration by the IRDA. Of these 18 life insurance companies, the Life Insurance Corporation of India (LIC), the only public sector life insurance company, still remains at the top in all aspects. Even in competitive scenario, LIC has registered the world's highest growth rate, a creating history in the insurance sector

Life insurance industry has assumed a pivotal role in the face of the rapid changes such as liberalization, globalization and privatization and also the related technological and market changes. The efforts of the industry are to be distinctly identified and every sphere of activity must be integrated vertically and horizontally to deliver significantly the service of an industry so as to get good business results. The major change of the life insurance industry in India is the opening up to private and global players. With this, the monopolistic character of the public sector giant i.e. LIC of India, has been replaced by competition subject to the regulatory conditions of the IRDA. Insurance has become a matter of persuasion rather than solicitation. The customer can choose now among industry players, schemes available, nature and types of risks and also the costs involved therein.

As it is aptly insisted in Life Insurance Council's Code of Best Practice for Indian Life Insurers, as a trustee of policy-owners' savings, a life insurance company has the responsibility to safeguard customers' interest at all times and ensure their continued confidence in the integrity and professional conduct of life insurers. The policy-owner's trust placed on the managers of life insurance companies casts a heavy responsibility

to ensure that their institutions are professionally managed at all levels and they do, and are seen to, conduct their business with the highest level of integrity. If the insurers understand all the expectations of the insurers and do their best to meet them, customers are said to be satisfied. Thousands of consumers are dissatisfied with the way their claims are served despite spending money on insurance policies and premium.

Life insurance management, as a distinct discipline, has been playing prominent role and gaining ground slowly and firmly in the present day post- liberalization scenario. The breakthrough achievements can come only from the untiring, sincere and diligent efforts of all the stakeholders. But of late, the life insurance sector in India was subjected to certain important criticisms like low consumer awareness, low level of insurance penetration, delayed delivery of service, higher amount of premiums and high cost of distribution. These shortfalls have led to the present study.

The present study attempts to study life insurance policy holders perception towards their awareness and satisfaction. It also attempts to identify the factors influencing selection of life insurance companies and their products.

Scope of the Study

Indian life insurance industry has undergone a sea change. It has experienced new challenges of intense competition and struggle for survival since the introduction of insurance reforms since 1999. The reforms in the insurance sector are continuous and they should be made more transparent, viable and sound in the changing economic environment. The future of the liberalized insurance industry is a big challenge to many stakeholders. The variables which reflect the growth and development aspects of the life insurance industry include among others new business, product development, social obligations, profitability, distribution channels and customer servicing.

An enquiry into the awareness and satisfaction of performance of life insurance companies will be helpful to formulate the future course of action in the area of product innovation and development, asset-liability management and customer relationship management of the life insurance companies in India. This will enable This will enable the Government, IRDA, LIC of India, private sector players, employees, insurance marketers and the policyholders to know the causes underlying the existing position, to understand and appreciate the other stakeholders' attitude and to promote compromising and conciliatory behaviour which is the essential pre-requisite for the healthy growth of life insurance industry in our country. It is hoped that this study will be useful in the context of the imperative need for toning up the efficiency of the working of both the public and private sector units, which are expected to play a crucial role in the years to come and give a new outlook to the life insurance policy laid down by the Government and the IRDA. Its aim is also to find out why certain deficiencies have occurred and how they can be avoided. It requires naturally a lot of objective assessment of the problems with the application of statistical techniques.

It will also be useful to bring to light many aspects, with broader perspective, of the performance evaluation of the life insurance industry that contribute for higher insurance penetration and better customer service are brought to light.

It is also hoped that the data presented, the observations made and conclusions arrived at in this study will be useful for inter-sectoral comparison, not only in the case of other players who newly entered and those who are proposed to enter in the years to come in the insurance sector.

Area of the Study

The Study has been conducted in Coimbatore District. The Coimbatore District was chosen to study the awareness and perception of the policy holders towards life insurance companies and their products.

Profile of Coimbatore District

Coimbatore District Popularly known as Manchester of south India is in the state of Tamil Nadu and is bounded by Tirupur, Nilgiris and Erode Districts. The district is very close to the border of Kerala with Palakkad at a distance of 50kms. The total geographic area of Coimbatore district is 3671 Sq. kms. The District comprises of 12 blocks namely Perianaickenpalayam, Sarcarsamakulam, Madukkarai, Thondamuthur, Annur, Karamadai, Sulur, Sulthanpet, Pollachi (N), Pollachi(S), Kinathukadavu, Anamalai and Coimbatore (M.Corp.)

Reason for Choosing Coimbatore District

Most of the people working at Coimbatore are daily commuting to Coimbatore for jobs and the growth rate of population is 18.56%. Apart from this, Coimbatore has a rich heritage for textile industry, Agriculture, Industrial and Automobile components. The earlier generations of Coimbatore were mainly engaged in the agriculture and its allied units. With this eye opener, the researcher has chosen Coimbatore district for the research study. Moreover, the researcher has worked for more than 10 years in Coimbatore and is familiar with the district.

Research Methodology

Research Design

The aim of this study is to analyze and describe the existing characteristics and behaviours of individual policy holders. This study also aims to analyze the existence of relationship among insurance related variables. Hence, the research design applied for this study is descriptive in nature.

Nature and Source of Data

Primary data such as awareness and perception were collected from people residing in Coimbatore District. The details regarding demographic and psychological

characteristics, awareness of various insurance schemes and investment avenues, their source of information, expected return and risk bearing capacity were collected by using a well-structured interview schedule.

The secondary data used in this research such as Insurance companies in India, the various policies offered by the insurance companies, growth of insurance sector in India. All these data were collected from Reserve Bank of India (RBI) publications, IRDA Bulletins, Central Statistical Organisation(CSO) reports, National Statistical Survey Organisation(NSSO) reports, World Bank publications, National Bureau of Economic Research (NBER) Working papers.

Sampling Design

The people in Coimbatore district are the respondents for this study. The population data was collected from the District Collector's office, Coimbatore. The list contains population residing in whole of the district and it formed the sample frame of this study. The people who come and work in the district and go away to the nearby districts were excluded. The sampling units for the survey were selected by using multi stage random sampling. As per the records with the district collector's office, the total population above 18 years was 27,62,463. In this, When the district comprises of 12 blocks and 1 municipal corporation, the average population covered is 212497. In this, the total number of persons above 21 Years (90%) is 191247. Considering the fact that a family or household comprises of 3 adults, there are 63749 families. With the population growth of 18.56%, the number of families comes to 538. The final sample respondents from whom the filled in questionnaire was collected was 500.

Research Tools

Research tools are statistical techniques used for data analysis and to arrive certain conclusions. By using SPSS package the following statistical tools are used in the present study.

1. Averages, percentages and standard deviations were used to analyse the demographic factors and calculate average savings etc.
2. Chi-square test was applied to test the level of significance between two socio-economic variables.
3. One way Anova was applied to test the level of significance in difference using more than two group means of the socio-economic variables.
4. t-test was applied to test the level of significance in difference using two group means of the socio-economic variables.
5. Regression analysis was applied to find the effect of selected independent variables such as age, sex, education and other and investment related variables on risk tolerance.

6. Multiple Correlation was applied to find the effect of all these independent variables together on risk tolerance.
7. Factor Analysis was applied to identify and define the underlying dimensions in the original variables with minimum loss of information. In the factor analysis, the following tools and techniques were used.
8. Keiser -Meyer –Olkin Measure of sampling Adequacy and Barlett's Test of Sphercity were applied to the resultant correlation matrix to test whether the relationship among the variables is significant or not.
9. Varimax Rotation Method was used to minimize the number of variables that have high loadings on a factor. It ensures better interpretability of the factors.
10. Principal Component Analysis (PCA) was used to extract the number of factors required to represent the data.
11. Cluster Analysis was used to group the investors based on their insurance motives, choice criteria, awareness and perceptions.
12. Discriminant Analysis was used for two purposes. One is to test the reliability of cluster by studying whether the clusters are distinctive groups to be studied separately. The second purpose is to find out the most influencing variable among all influencing variables.
13. Stepwise discriminant analysis is used to list the influencing variables in the order of influence. This is used to find out the most influencing variable in deciding risk bearing capacity and perception of investors.

Period of the Study

The study covers a period of four years i.e. from June 2015 to May 2019. The primary data pertaining to the insurance of households have been collected from them using a structure interview schedule from the sample households chosen by the researcher. The survey was conducted in 2015- 2018.

Limitations of the Study

1. The data are collected only a sample of 500 respondents. Though they are a representative population for studying insurance behaviour, they represent only small portion of total population.
2. Investment behaviour is a vast subject but the present study is restricted to chosen ten variables which have impact on investment size and choice of individual investors.
3. Considering the nonavailability of data on certain required aspects the uniformity in reference period has not been maintained.
4. A common problem in this kind of survey is the understatement of income and other financial information by the respondents which imparts a margin of error. There is no satisfactory procedure for a precise measurement of the non-sampling

errors. However, every effort has been made in the present study to keep the non-sampling errors to the barest minimum.

5. The area of the study is confined only to Coimbatore District of TamilNadu.

Chapter Scheme

This study is presented in the following seven chapters:

Chapter I: It deals with Introduction, Significance, Statement of Problem, Objectives, Scope, Methodology, Period and Limitations of the study. Methodology includes research design, source of data, sampling procedure/design and statistical tools used for analysis.

Chapter II: This chapter deals with the operational definition of terms used in this research, and review of literature.

Chapter III: It explains the Research Methodology.

Chapter IV: It describes the socio-economic profile of sample respondents and their Awareness of Online services of LIC.

Chapter V: It describe the Utilization of Online services of LIC.

Chapter VI: It describe the Satisfaction of Online services of LIC.

Chapter VII: It contains the summary of findings, Suggestions and conclusion.

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