A study on satisfaction of customer towards life insurance with reference to Erode

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ABSTRACT

This study explores satisfaction level of customers towards Life Insurance Corporation in Erode. Due to increasing awareness among people about their uncertainty of life and increasing competition in Insurance sector, it is significant for Insurance Companies to understand the requisite of their customers. The main aim of this study is to know the customer satisfaction towards LIC. This study is based on primary data which is collected through questionnaire among 118 policyholders in Erode and data were analyzed with multi variety statistical tools like simple percentage method, henry garret ranking method chi-square analyses were used to identify the factors responsible for customer satisfaction towards LIC.

INTRODUCTION

Insurance has today become integral part in the life of a human being. Insurance is a written contract that offers protection against future loss. There are life insurance and non-life insurance. Life insurance helps to ensure the life of a human being and definite compensation will be given by the insurance company to the insured person. The subject matter of insurance may be any property, right, interest, life or liability. Thus, in the fire insurance the subject matter may be a house or a factory. In case of life insurance, the subject matter is one's liability for the body injuries or damages to the property of the third party. In marine insurance it is ship or its cargo or the freight. The subject matter is described in the policy itself. Insurance provides financial protection against a loss arising out of happening of an uncertain event. If a person or a company and helps them to overcome the losses. Insurance is the most practical method for handling risk.

STATEMENT OF THE PROBLEM

The study analysis the customer awareness and satisfaction level of LIC policyholder. Customers are interested about their satisfaction and in increasing stiff competitive and ruthless market lead the policyholders to become more aware about their policies they availed. Customer satisfaction is an important tool in Insurance Industry. Change in the taste and preference of the customer LIC Company should identify and prioritize the customer's expectation, so that LIC can adopt a new business environment for avoiding the failures and provide more services to their customers. So therefore, it is necessary for the LIC Company to know which aspects to measure and identify the different tools for the satisfying and retaining their customers for achieving long term profit.

OBJECTIVES OF THE STUDY

- To analyze the demographic profile of the respondents.

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- To study the various factors that influences the customer to choose the life insurance policy.

SCOPE OF THE STUDY

- This study will help to perceive the customers
- This study helpful to understand and analyze the factors that influence the customers
- The present will help to the further researches to enlarge their research.

LIMITATION OF THE STUDY

- Some respondents hesitate to give the actual situation, they fear management may take action against them.
- To create good images respondents may give responses that vary from facts.
- Due to confidentiality of some information accurate response was not revealed by some of the respondents

REVIEW OF LITERATURE

Pushp Deep Dagar and Sunil Phougat (2011) in their article to "Impact of Privatization of Life Insurance Sector on Customer" reveal that the policyholders are more satisfied with the services of private insurer than LIC with regard to the attractive policy offering with low premium and long International Journal of Multidisciplinary Research and Development 85 period and their consistent services [1].

Vikas Gautam (2011) 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 [2].

Deepika Upadhyaya and Manish Badlani (2011) and Manish Badlani, 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 [3, 4].

RESEARCH METHODOLOGY

Research design

A Master plan that specifies the method and procedures for collecting and analyzing needed information.

Sample design

Sampling is the process of selecting a sufficient number of elements from the population. A Sample Design is a definite plan for obtaining a sample from the sampling frame. It refers to the technique or the procedure the researcher would adopt in selecting some sampling units from which inferences about the population is drawn.

Non-probability sampling

Non-Probability sampling is a sampling technique where the samples are gathered in a process that does not give all the individuals in the population equal chances of being selected.

Convenience sampling

Convenience sampling (also known as Availability Sampling) is a specific type of non-probability sampling method that relies on data collection from population members who are conveniently available to participate in study.

Size of the sample

The Sample size is 118

DATA COLLECTION METHOD

Primary data

These are data which are collected for the first time directly by the Researcher for the Specific study undertaken by him. In this research primary

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data are collected directly from the Respondent by using Questionnaire cum Enumeration Method.

Secondary data

These are data which are already collected and used by someone preciously. The data are collected from journals, magazines and websites.

STATISTICAL TOOLS USED

To analyze and interpret collected data the following simple percentage and ranking were used.

Simple percentage analysis

To analyze and interpret collected data the following simple percentage and ranking were used.

Formula

$$\text{Percentage} = \frac{\text{Number of respondents}}{\text{Total number of respondents}} \times 100$$

Chi-square test

Chi-square test can be applied to complex contingency table with several classes. One independent source and it is compared with multiple dependent sources. Thus, Chi-square is a measure of actual divergence of the observed and expected frequencies. If there is a difference between the observed and the expected frequencies then the value of Chi-square would be more than 0. That is, the larger the Chi-square the greater the probability of a real divergence of experimentally observed from expected results.

Formula

When,

$$\chi_c^2 = \sum \frac{(O_i - E_i)^2}{E_i}$$

Oi – Observed frequency
Ei – Expected frequency

DATA ANALYSIS

The Respondents participated in the research are from diversified background with gender, age group, marital status and educational qualification.

Table No 1: Demographic profile of the respondents

Details of the Respondents		No of Respondents	Percentage
Age	Below 30 years	52	44
	31 years to 40years	49	42
	41 years to 50 years	12	10
	51 years to 60 years	5	4
	60 years and above	0	0
	Total	118	100
Gender	Male	77	65
	Female	41	35
	Total	118	100
Marital Status	Married	80	68
	Unmarried	38	32
	Total	118	100
Residence	Village	51	43
	City	67	57
	Total	118	100
Occupation	Students	2	2
	Employee	20	17
	Self employed	54	45
	Others	42	36

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	Total	118	100
Monthly	Below Rs.10,000	4	3
Income	Rs.10,000-Rs.25,000	42	36
Level	Rs.25,000-Rs.40,000	62	52
	Above Rs.40,000	10	9
	Total	118	100

INTERPRETATION

From this study it is evident that, 44% of the respondents fall under the age group of below 30 years, 65% of the respondents fall under the gender group of Male, 68% of the respondents are fall under the group of married , 57% of the respondents are fall under the group of city, 45% of respondents fall under the group of self-employed, 52% respondents are average monthly income falls under the category of Rs.25,000 –Rs. 40,000

CHI-SQUARE TEST

Null hypothesis H0

There is no significant relationship between age and returns while followed taking the policy factor which influence towards life insurance.

Alternative hypothesis H1

There is significant relationship between age and returns while followed taking the policy factor which influence towards life insurance.

Table no 2: Factors influencing the customer to take over the LIC policies

Test Statistics

	age of the respondents	factors influencing the customer to take over the lic policies
Chi-Square	60.780[a]	74.203[a]
df	3	3
Asymp. Sig.	.000	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 29.5.

INTERPRETATION

It is evident from the result that calculated value is greater than the table value and we reject null hypothesis that there is a significant relationship between age and factors influencing the customer to take over the LIC policies.

FINDINGS

1. 44% of the respondents fall under the age group of below 30 years.
2. 65% of the respondents fall under the gender group of Male.
3. 68% of the respondents are fall under the group of married.
4. 57% of the respondents are fall under the group of cities.

5. 45% of respondents fall under the group of self-employed.
6. 52% respondents are average monthly income falls under the category of Rs.25,000 –Rs. 40,000

SUGGESTION

1. Claim settlement process should be made to fast and must not involve lengthy decision-making process.
2. To increase the level of insurance penetration LIC may focus on bringing policies that suit to the rural customers.
3. Creating more awareness about the policies and focusing all Schemes to build a Strong relationship with the customers.

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4. All the hidden charges should be clearly stated in the form and explained by the agent and LIC should providing better training to the agent

CONCLUSION

The entry of private sector insurance companies into the Indian insurances 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 the public sectors giant LIC dominated to the Indian insurances industry. In today competitive world, customer satisfaction has become an important aspect to retain the customers, not only to grow but also to serves. Increased to competition, wide range of product offerings and multiple distribution channels cause companies to value satisfied and highly profitable customers.

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