An Analysis of Policyholders' Satisfaction with LIC of India: Focus on Bidar District

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Abstract

In recent years, the insurance sector has experienced significant changes in the way business is conducted. Customer service has now become the central focus for insurance companies. However, it is not an exaggeration to state that the number of customer grievances in the insurance sector has sharply increased. Addressing customer complaints is merely a reactive approach by insurers, providing the minimum expected level of service. The current need is for a more proactive strategy that seeks to identify additional factors that can enhance customer satisfaction. This study examines the key determinants of customer satisfaction among life insurance policyholders, assessing the impact of these factors on overall satisfaction. It also identifies common customer grievances related to life insurance policies. The research was confined to the town of Bidar district. The factors identified as significant to overall customer satisfaction include customized and timely service, a strong brand unique selling proposition, considerate employees, and price stability. Results indicate that satisfaction with product offerings is the primary driver of overall customer satisfaction in the case of life insurance policies, even when after-sales service falls short of expectations. While customers expressed satisfaction with their insurance policies, they were generally dissatisfied with the quality of service provided by agents.

1.1 INTRODUCTION:

At the end of March 2019, there were 60 registered insurance companies in India. Out of these, 24 were engaged in the life insurance business, while 34 were involved in the non-life insurance business. The General Insurance Corporation (GIC) was the sole national reinsurer. Among the non-life insurance companies, six were public sector entities, including two specialized insurers: the Agriculture Insurance Company Ltd., responsible for crop insurance, and the Export Credit Guarantee Corporation of India, which provided credit insurance. According to J.B. Maclean, "Insurance is a method of spreading over a large number of persons a possible financial loss too serious to be conveniently borne by an individual. Customer satisfaction is a business term that measures how well a company's products and services meet or exceed customer expectations. It is regarded as a key performance indicator in business and is one of the four perspectives of the balanced scorecard. In a competitive marketplace, where businesses vie for customers, customer satisfaction is seen as a crucial differentiator and has increasingly become a fundamental component of business strategy. Customer satisfaction plays a pivotal role in driving the success of private sector businesses [1]. High-performing businesses have developed principles and strategies to achieve customer satisfaction. A framework or set of ideas can be applied to use these customer satisfaction principles and strategies to improve the quality, responsiveness, and accessibility of public sector and privately provided services in vulnerable communities. This framework suggests that residents living in challenging neighbourhoods can be supported and empowered through the application of customer satisfaction strategies. Customer satisfaction is a measure of how well a company's products and services meet or exceed customer expectations. In a competitive marketplace, where businesses vie for customers, customer satisfaction is considered a key differentiator and has increasingly become a vital component of business strategy [2-3]. The concept of consumer satisfaction holds a central role in marketing theory and practice. It is a key result of marketing efforts; connecting the processes leading up to purchase and consumption with post-purchase behaviours such as attitude shifts, repeat buying, and brand loyalty. Satisfaction bridges the gap between initial consumer engagement and long-term customer relationships, making it crucial for sustained business success.

Statement of the problem

The life insurance market presents a variety of policies, often leading to confusion among investors. This study aims to address this issue by assessing the satisfaction and perception levels of customers regarding life insurance policies, specifically in the context of the Life Insurance Corporation of India (LIC) within Bidar District.

The research will explore how customers interact with the products and services offered by LIC, examining their selection processes, organizational efforts, and interpretation of the quality of service. This, in turn, will provide valuable insights into customer satisfaction and help understand the factors influencing their perception of LIC's life insurance policies in the region[4].

1.2 Conceptual Frame work

A life insurance policy is a contractual agreement in which the policyholder ensures the payment of a sum of money to beneficiaries upon the insured person's death. In addition to death benefits, certain policies may provide payments for illness or other conditions. To maintain the policy, the holder is required to pay regular premiums, which can be done on a monthly, quarterly, yearly basis, or as a one-time lump sum payment.

The following analysis illustrates the relationship between various factors involved in the life insurance experience. These factors include both independent and dependent variables, such as **service quality, agent performance,** and **staff performance**. Each of these plays a crucial role in shaping customer satisfaction and overall perceptions of life insurance services.

The figure below (not provided here) will depict how these variables interrelate, highlighting the impact of agent and staff performance on the perceived service quality, and ultimately, on customer satisfaction and policyholder decisions[5].

Fig: Conceptual framework of Life Insurance Policy

The proposed research work has the following objectives

To study the awareness of people about life insurance

To find out the socio-economic profile of insurance investors.

To suggest the suitable policy measure

To find out the awarness of people about insurance policies provided by the LIC of India, Bidar.

To identify the customer preference towards life insurance policies of LIC of India, Bidar.

To Find the level of customer satisfaction of various life insurance policies offered by LIC of India, Bidar.

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, Bidar

To identify the nature of service that increase policyholder's satisfaction.

To ascertain factors influencing policyholders satisfaction.

To study the demographic profile and awareness level of the respondents[6].
Data Collection:

The data required for this research will be gathered from a variety of sources, including policyholders, insurance advisors, and officials in the insurance department. To facilitate this, a structured questionnaire will be developed. Interviews will be conducted with selected samples, including other relevant stakeholders.

The **survey method** will be employed to collect data on customer satisfaction with life insurance policies within the study area. This approach will allow the researcher to gather comprehensive information and insights regarding customer perceptions and satisfaction levels with insurance services.

Sampling:
     The proposed research study is confined to the analysis of Personal Life Insurance Policies offered by Life Insurance Corporation of India. The study pertains to Bidar District. There are Five taluks and from each taluk 60 samples will be selected for research study. This includes 5 insurance advisers cum officials. The proposed research study covers a decade from 2010-11 to 2019-20.
Data Source:
     a) Primary Source: The insurance policy takers, advisers and officials constitute the primary source. Structured questionnaire will be used to elicit information from the chosen samples. Personal interview method, observation and discursion method will be adopted to draw data in primary source.
     b) Secondary Source: Secondary data required for the research study will be collected from published sources like, publication from LIC of India, Research studies, books, periodicals, journals and newspapers. Web sites will also be visited to collect necessary data.
Justification:
     Modern governments are welfare states. They propagate insurance as a broad based social security measure which encompasses all classes of people. But Bidar District has been regarded as a backward district in our country. Bidar district is ranked 287th district in our country. Bidar District accounts for 2.84% of the total area of the Karnataka state and it is the home of 2.78% of the total population in the state. The district has a population density of 312 inhabitants per square kilometer. The rate of literacy in this district is much below the state average and per capita income is considerably lower. This region belongs to Hyderabad Karnataka region and has been classified as a back ward region. It is essential to create awareness among people about in social security and insurance schemes. This would enable more number of people to take insurance policies. It would also guide the LIC of India to prepare region based specific insurance schemes for this region. From this point of view the present research work claims a strong justification[8-10].
Data Analysis and Interpretation

There are various which are used in analyzing data. The following tools are used for representing and analyzing data.
Tools:

1. Simple Percentage analysis.

2. Chi Square Test
   1.2. Percentage Analysis

The percentage method is a statistical technique used to compare two or more sets of collected data. Percentages provide a descriptive relationship between data sets by reducing them to a common base of 100%, which facilitates easy and relative comparisons. This method is particularly useful for analysing data by showing proportional differences across various categories.

1.2. II. Chi-Square Test

The chi-square test is a statistical hypothesis test used for analyzing contingency tables, especially when the sample sizes are large. It is primarily employed to determine whether there is a significant association between two categorical variables, by testing their independence in influencing the observed test statistic[11].

Table 1: Annual income of the LIC policy holders in bidar district

Income	No. of Respondents test's	%
Below 5 Lakhs	18	12
5 Lakhs – 10 lakhs	75	50
10 Lakhs – 50 Lakhs	25	17
Above 50 Lakhs	32	21

Sources: Primary Data

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

CHI-SQUARE TEST:

DATA ANALYSIS AND INTERPRETATION in bidar district

AGE	PERIOD OF INSURANCE POLICY			TOTAL
	Less than 10 years	10 to 20 Years	More than 20 Years	
18 to 24	21	10	9	40
25 to 35	10	21	10	41
36 to 45	2	9	7	18
Above 45	0	1	0	1
TOTAL	27	54	19	100

Table 2: data analysis and interpretation in bidar district

CHI SQUARE VALUE (X ^{2}) = (Observed value- Expected value)^2/Expected value. Degree of freedom

== (Row - 1)*(Column - 1)
= (4-1)*(3-1)

HO: There is no significance relationship between dependent and independent variable level of significance 5%

H1: There is a significant relationship between dependent and independent variable level of significance 5% [12-13].

Interpretation:

In the comparative analysis, the calculated chi-square value (9.253) is less than the table value (12.592) at the 5% level of significance. Therefore, the null hypothesis is accepted. This indicates that there is no significant relationship between the age of the respondents and the term period of the insurance policy they have chosen.[14]

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

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

in bidar district

Sources: Primary Data

Table 2 shows that 49% of policyholders strongly agree with the regular response and guidance provided by agents regarding policies, while 24% agree. Additionally, 14% of respondents are neutral, expressing neither agreement nor disagreement. On the other hand, 9% disagree, and 4% strongly disagree with the agents' response and guidance at regular intervals [15-17].
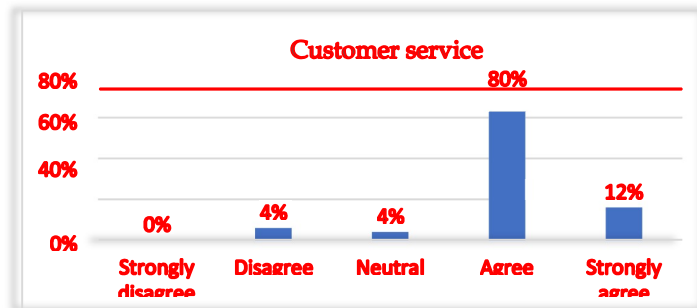
Figure 1: indicates that strongly agrees, agree and disagree with the knowledge of the employees for customer service in bidar district

Cusstemer satisfaction overall bidar dist

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
Cusstemer satisfaction overall bidar dist

2. 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 documentationi.e.it should be made easier and faster.

CONCLUSION

The Life Insurance Corporation of India (LIC) dominates the Indian insurance market. In today's competitive environment, customer satisfaction is crucial not only for retaining clients but also for business growth. Increased competition, a diverse range of product offerings, and multiple distribution channels compel companies to prioritize satisfied and profitable customers. Providing exceptional customer service is a critical success factor for insurance companies. It differentiates superior service from indifferent service, contributing to customer loyalty. The entry of private sector insurance companies has significantly transformed the Indian insurance landscape. Despite this competition, the study reveals that LIC's products are perceived as innovative and well-suited to customer needs. Customers appreciate the comprehensive knowledge provided by the company and its agents, as well as the accessibility of services. Flexible payment schemes, transparency with no hidden costs, and timely claims settlements further enhance customer satisfaction. Additionally, the grievance redressal mechanism is highly regarded by policyholders, contributing to a strong sense of trust. Looking ahead, many customers express a strong intention to continue their relationship with LIC, reflecting their faith and positive perception of the

organization. In summary, insurance is a crucial tool for mitigating uncertainty and managing risk. By securing insurance, individuals can protect themselves against unforeseen events, and in the event of loss, the insurance company provides financial support as per the contract. The overall image of the insurance company significantly impacts the well-being of policyholders, as factors such as premium rates, plan offerings, bonuses, interest, service quality, and documentation play essential roles in consumer decision-making.

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