A STUDY ON THE AWARENESS AND PREFERENCE LEVEL OF LIC POLICYHOLDERS OF SELECT COLLEGE TEACHERS IN COIMBATORE DISTRICT

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Abstract

Life is full of risk and uncertainties. Life insurance is one which gives mental peace to any human and also secures his family with financial protection. Earlier Indians viewed life insurance as savings and investment tool rather than risk coverage. But, now it is also considered as a tax saving instrument, planning for specific future family needs, security against loans and avenues for high returns with limited risks. In India, the life insurance sector supports a lot for the development of the economy as a whole. Life insurance is a long-term business with a focus on long-term financial solutions to customers. The main objectives of the study are to know the awareness level of policyholders about Life Insurance Service and to find out the factor influencing the selection of Life Insurance products. A total of 197 respondents were collected under convenience sampling technique in Coimbatore District. The statistical tools like Simple Percentage, Chi-square Test, Weighted average rank method and Friedman rank Test were used for analyzing the data. In this analysis most of the respondents have preferred family protection reason to take a life insurance policy.

Key words: *Life Insurance, Awareness level of LIC Services and Preference of LIC Policies and Family protection*

INTRODUCTION

Life is full of risk and uncertainties. Life insurance is one which gives mental peace to any human and also secures his family with financial protection. Earlier Indians viewed life insurance as savings and investment tool rather than risk coverage. But, now it is also considered as a tax saving instrument, planning for specific future family needs, security against loans and avenues for high returns with limited risks. In India, the life insurance sector supports a lot for the development of the economy as a whole. Insurance industry forms a dominant part of financial market consisting of contractual intermediaries which channelize the savings of the society to the productive sectors of the economy. In a marketing perspective, an insurance product is categorized as an unsought product about which customers have inadequate or low awareness. Consequently, it is said that insurance product are sold rather than bought which makes the task of insurance companies really challenging since independence. Life insurance Corporation of India has been marketing insurance product as a monopoly insurer, being the unchallenged leader in the Indian insurer industry.

REVIEW OF LITERATURE

The objective of literature review is to give the knowledge and idea to the researcher about research which has already been done in past. With the help of literature review a researcher can know about the methodology, findings and further scope on related subject. In the past few years there has been considerable research done on policyholder satisfaction.

Babita Yadav and Anshuja Tiwari (2012), in their study entitled "A Study on factors affecting Customers Investment towards Life Insurance Policies". The purpose of this study is to evaluate preferences of the customers while taking life insurance investment decision. The required data for the study has been collected in a primary data through issue of questionnaire. Samples of 150 policyholders have been collected by adopting purposive sampling technique. Tools like chi-square, correlation, weighted average score have been used for the testing of hypotheses. The study recommended that the majority of policyholders have shown preference towards LIC followed by SBI life insurance.

Thirumaran and Jai Ganesh.K (2012) in their article on "Satisfaction of Policyholders Services Provided by LIC of India in Thanjavur Division", Main aim of the study is to know the awareness level of policyholders about life insurance services. The data for the study has been collected through issue of questionnaire. A sample 400 policyholders has been collected by adopting Convenient Sampling Technique. Tools like Percentages, Frequencies and Chi - Square tests are applied to analyse the data. They found that most of the respondent's awareness of LIC services from their agents.

Subashini.S and Dr.R.Velmurugan (2016), conducted a study entitled "Policyholders Satisfaction of Life Insurance Products with Reference to Coimbatore District". The objective of the study is to understand the policyholder's satisfaction and the various factors contributing to the satisfaction level. The required data for the study have been collected in primary data through issue of questionnaire. Samples of 300 policyholders have been collected by adopting random sampling technique. Tools like Friedman Rank test and chi-square test are employed to analyse the data. They find that that majority of the policyholders are satisfied with regard to Grievance redress procedure followed in the insurance company.

Gomathi Devi. P. and Dr. P. Rengarajan (2017) in their article on "Rural Policyholders Awareness and Satisfaction on Online Services of LIC", aim to identify the level of awareness on the rural policyholders about various online services of LIC. The required data for the study have been collected only primary through issue of questionnaire. Samples of 120 policyholders have been collected by adopting random sampling technique. Tools like simple percentage, chi-square test, mean and standard deviations are used to the analysis the data. The study recommended that most of the rural policyholders are satisfied with the various online services of LIC.

STATEMENT OF THE PROBLEM

The main challenge before the insurance companies is to constantly innovate new products, ascertain changes in policyholder's behavior, government intervention, competitions, technology, distribution network, automation, technological advancement, quality in client relationship changing life styles. Societal perception and brand loyalty are the radical changes that are taken place in customer`s profile. Policy holder's satisfaction measures the important

instrument to fulfill the safety and security needed to the people. Policy holder's satisfaction measures, across all over the world playing a major role.

- What is the choice of preference in selecting the products from LIC?

- What are the Policyholders aware of the services of LIC?

- What are the reasons for choosing various types of policies in LIC?

- What type of problems facing from the services of LIC?

In order to find solutions to these questions the present study has been undertaken.

OBJECTIVES OF THE STUDY

The main objectives of the study are as follows:

- To know the awareness level of policyholders about Life Insurance Service.
- To identify the type of policy preferred and reasons for choosing the policy.
- To ascertain the problems facing by policyholders in services from LIC.

METHODOLOGY

The required data have been collected by developing a questionnaire. Questions relating to personal profile, employment particulars, awareness towards the LIC policies, preference given to the products and opinion about the products of LIC are included in the questionnaire. Data have been collected by personally visiting the select Arts and Science colleges in Coimbatore District.

ANALYSIS AND INTERPRETATION

In this chapter the data collected have analyzed and interpreted using statistical tool techniques namely simple percentage. The questions were raised in order to enquire about their respondents aware on life insurance products. The socio economic profile of the respondents have been evaluated by using simple percentage analysis and the results are summarized in the following table shown below:

SOCIO ECONOMIC PROFILE OF THE RESPONDENTS

TABLE 1.1

Particulars	No of Respondents (N=197)	Percentage(%)
Area of Residence of the respondents		
Rural	39	19.8
Urban	59	29.9
Semi-urban	99	50.3
Total	197	100
Gender of the respondents		
Male	47	23.9
Female	150	76.1
Age of the respondents		
20-30 years	118	59.9
31-40 years	34	17.3
Above 40 years	45	22.8
Marital status of the respondents		
Married	113	57.4
Unmarried	84	42.6
Educational qualification of the respondents		
PG with M. Phil	100	50.8
PG with Ph.D	78	39.6
PG with SET/NET	19	9.6
Occupation of the respondents		
Aided	39	19.8
Self-Financing	158	80.2
Type of family		
Joint	34	17.3
Nuclear	163	82.7
Status in the family		
Head	35	17.8
Member	162	82.2
Monthly income		
Below Rs.20,000	56	28.4
Rs.20,001-Rs.50,000	84	42.6
Above Rs.50,000	57	28.9
Total	**197**	**100**

The above table reveals the area of residence of respondents. Out of 197 respondents, 39 (19.8%) respondents are residing in rural area, 59 (29.9%) of the respondents are residing in

urban area and remaining 99 (50.3%) respondents are from semi-urban area. The majority of 99 (50.3%) respondents are from semi-urban area.

Among the 197 respondent, 47 (23.9%) of the respondents are male and remaining 150 (76.1%) of the respondents are female. Majority of the respondents are female.

From the table 1.1 it is known that, among the respondent under this study, 118 (59.9%) of the respondents are belong to the age group between 20-30 years, 34 (17.3%) of the respondents are belong to the age group between 31-40 years and remaining 45 (22.8%) of the respondents are belong to the age group of above 40 years. Most of the respondent are belong to the age group between 20 -30 years.

From the above table shows that out of 197 respondents, 113 (57.4%) respondents are married and remaining 84 (42.6%) are unmarried. The majority of 113 (57.4%) respondents are married.

It can be inferred that, out of the total 197 respondents, 100 (50.8%) of the respondents are PG with M.Phil holders, 78 (39.6%) of the respondents are PG with Ph.D holders and the remaining 19 (9.6%) respondents are PG with SET / NET holders. Thus, it is observed that majority of 100 (50.8%) of the respondents are PG with M.Phil holders.

 From the above table shows that, out of 197 respondents, 39 (19.8%) of the respondents are aided staff members and the remaining 158 (80.2%) of the respondents are self-financing staff members. It can be concluded that the majority of 158 (80.2%) respondents are self-financing staff members.

Out of the total 197 respondents, 34 (17.3%) belong to joint family and the remaining 163 (82.7%) belong to nuclear family. Thus, it can be concluded that a greater part of the respondents belong to nuclear family. Out of the total 197 respondents, 35 (17.8%) are the head of the family and the remaining 162 (82.2%) are members in their family. Hence, it can be concluded that a greater part of the respondents are members in their family.

Out of 197 respondents, 56 (28.4%) respondents have monthly income per month is up to Rs. 20,000, 84 (42.6%) respondents monthly income between Rs.20,001 to Rs.50,000 and

the remaining 57 (28.9%) respondents monthly income is above Rs.50,000. Thus, it is concluded that most 84 (42.6%) respondents monthly income between Rs.20,001 - Rs.50,000.

POLICY DETAILS AND AWARENESS

TABLE 1.2

Particulars	No of Respondents	Percentage(%)
Source of motivation		
Self	96	48.7
Relatives	47	23.9
Brokers	8	4.1
Spouse	4	2.0
Parents	18	9.1
Friends	24	12.2
Total	**197**	**100**
Receive the premium notice in correct time		
Yes	174	88.3
No	23	11.7
Total	**197**	**100**
Insurer pay penalty for late remittance		
Yes	93	47.2
No	104	52.8
Total	**197**	**100**
Level of penalty		

High	27	29.0
Moderate	58	62.3
Low	8	8.6
Total	**93**	**100**
Surrendered Policy		
Yes	56	28.4
No	141	71.6
Total	**197**	**100**
Reason for surrendered policy		
Personal	16	28.5
Financial constraint	40	71.5
Total	**56**	**100**
Loss of Surrender		
High	12	21.4
Moderate	40	71.4
Low	4	7.2
Total	**56**	**100**
Problems in availing services from LIC		
Yes	52	26.4
No	145	73.6
Total	**197**	**100**

The above table depicts that 96 (48.7%) of the respondents have gained knowledge on life insurance policies through our self-decision, 47 (23.9%) of the respondents have said that they sourced information through their friends and relatives, 8 (4.1%) of the respondents have

said that they sourced information through their brokers, 4 (2.0%) respondents have said that they sourced information through their spouse, 18 (9.1%) respondents have said that they sourced information through their parents and the remaining 18 (9.1%) respondents have said that they sourced information through their friends. It could be found from the above analysis that most of the respondents have got the knowledge of life insurance policies through their self decision.

Out of 197 respondents, 174 (88.3%) of the respondents have received the premium notice in correct time and the remaining 23 (11.7%) respondents have not received the premium notice in correct time. Hence, it could be inferred that 174 (88.3%) of the respondent have received the premium notice in correct time.

Out of 197 respondents, 93 (47.2%) respondents said insurer pays penalty for late remittance and the remaining 104 (52.8%) respondents said insurer not pay any penalty for late remittance. Hence, it could be inferred that 104 (52.8%) respondents said insurer did not pay any penalty for late remittance.

It can be inferred that, out of the total 93 respondents, 27 (29.0%) respondents have felt high charge of penalty for late remittance, 58 (62.3%) respondents have felt moderate charge of penalty for late remittance and the remaining 8 (8.6%) respondents have thought low charge of penalty for late remittance. Hence, it could be inferred that 58 (62.3%) respondents have felt moderate charge of penalty for late remittance.

Out of the total 197 respondents, 56 (28.4%) respondents have surrendered policy and the remaining 141 (71.6%) respondents have not surrendered any policy. The most 141 (71.6%) respondents have not surrendered any policy.

From the above table shows that out of 56 respondents, 16 (28.5%) respondents said personal reason for surrendered their policies and the remaining 40 (71.5%) respondents said financial constraint reason for surrendered the policies. Hence, it is said that most of the 40 (71.5%) respondents said financial constraint reason for surrendered the policies.

The table above shows that among the 56 respondents, 12 (21.4%) respondents have a high level of loss on surrender, 40 (71.4%) respondents have a moderate level of loss on surrender and the remaining 4 (7.2%) respondents have a low level of loss on surrender. The most 40 (71.4%) respondents have a moderate level of loss on surrender.

It is observed from the above table that out of the total 197 respondents, 52 (26.4%) respondents have faced problems while availing services from LIC and the remaining 145 (73.6%) respondents have no problems while availing services from LIC. Hence, it could be inferred that 145 (73.6%) respondents have no problems while availing services from LIC.

TYPE OF POLICY HELD BY POLICYHOLDERS OF LIC

The respondents are classified based on the preference of LIC policy and the classification is shown in the table given below:

TYPE OF POLICY HELD BY POLICYHOLDERS OF LIC

TABLE – 1.3

Policy type	Number of Policy holders
Endowment type plan	87
Money back plan	75
Term assurance	63
Pension schemes	42
Health insurance	60
Total	**327**

Table 1.3 disclose that policyholders of LIC hold 87 policies under Endowment type plan, 75 policies under Money back plan, 63 policies under Term insurance plan, 42 policies under Pension schemes plan and 60 policies under Health insurance plan.

It revealed that Endowment plan a highly preferred by the LIC policyholders followed by Money back plan, Term assurance, Health insurance and Pension schemes plan has the lowest preference.

RANK THE POLICYHOLDERS PREFERENCE

The researcher has gathered the information regarding the policyholder's preference. In order to find out the most dominant factor which made them to take life insurance policy, weighted arithmetic mean is computed.

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RANK THE POLICYHOLDER PREFERENCE

TABLE 1.4

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Rank	Weight	Family Protection		Children's welfare		Post Retirements benefits/ Secured Investments		Savings / Investments		Loan Facility		Tax relief	
		No of respondents	Score	No of respondents	score	No of respondents	Score	No of respondents	score	No of respondents	score	No of respondents	score
I	6	61	366	8	48	24	144	20	120	16	96	56	336
II	5	48	240	36	180	31	155	28	140	28	140	30	150
III	4	32	128	28	112	27	108	58	232	24	96	20	80
IV	3	16	48	52	156	68	204	35	105	27	81	15	45
V	2	24	48	32	64	31	62	52	104	46	92	28	56
VI	1	16	16	41	41	16	16	4	4	56	56	48	48
Total		**846**		**601**		**689**		**705**		**561**		**715**	
Average		**141.00**		**100.17**		**114.83**		**117.50**		**93.50**		**119.17**	
RANK		**I**		**V**		**IV**		**III**		**VI**		**II**	

The above table shows that, the average scores are ranked according to their values. It is clear that among the six factors namely family protection, children's welfare, post retirements benefits / secured investments, savings / investments, loan facility and tax relief. Family Protection has secured first rank, Tax relief has secured second, Savings / Investments has secured third, Post Retirements benefits/ Secured Investments has secured fourth, Children's

welfare has secured fifth and Loan Facility has secured last. It is inferred that, "Family Protection" has scored the first rank respectively. In this analysis most of the respondents have preferred Family Protection reason to take a life insurance policy.

PROBLEMS AVAILING SERVICES FROM LIC

This factor gains importance in the aspect that it focuses on and analyses the difficulties and problems faced by the LIC policyholders with regards to the type of the insurance plans in life insurance Corporation in Coimbatore District.

PROBLEMS AVAILING SERVICES FROM LIC
TABLE – 1.5

Rank	Weight	Lack of customer services		Delaying payment of maturity		Lack of Agent Service		Lack of E-Service		Lack of Branch Premises	
		No of respondents	score	No of respondents	score	No of respondents	score	No of respondents	score	No of respondents	score
I	5	20	100	4	20	16	80	10	50	25	125
II	4	12	48	10	40	12	48	6	24	7	28
III	3	12	36	6	18	8	24	4	12	4	12
IV	2	4	8	20	40	10	20	30	60	10	20
V	1	4	4	12	12	6	6	2	2	6	6
Total		196		130		178		148		191	
Average		39.2		26.0		35.6		29.6		38.2	
RANK		I		V		III		IV		II	

From the above table 4.24 weighted average ranking tables, it is understood that among the various problems availing services from LIC, "Lack of customer services" is main problem for LIC. The next closely related problems from LIC are to consider Lack of Branch Premises, Lack of Agent Service, Lack of E-Service and Delaying payment of maturity.

SUGGESTIONS

Based on the findings of the study, the following suggestions are put forward

- LIC must take necessary steps to improve the performance of agents and staff members.
- Make relaxation in the claim settlement procedures.
- More research is to be conducted to identify the problems faced by customers and take remedial measures to overcome these problems.
- Wide publicity should be given about the types of policies and benefits particularly in rural areas.
- The study reveals that some of the policyholders are ready to switch over from LIC to other insurance company due to high return, low premium, maximum risk converge, further growth and popularity. Hence, it is suggested to LIC of India has to evaluate the policyholders perception on the services at fixed interval level to identify and fulfill their requirements to retain them.

CONCLUSION

The present study concludes that the LIC of India is the leading public sector insurance company in India has facing very stiff competition from the new companies entering the market. LIC of India is facing increased competition on one side and a decline in the market share on the other hand. It has been striving to achieve effectiveness and excellence in its business operations. The present study suggested that the measures such as special events for policyholders, providing of prompt service, reducing the time period of surrendering the policy, increase the loan amount with policy, improvement in infrastructure, creativity and innovativeness, understanding the policyholders needs, policyholders contact programmes, providing update information, staff involvement, user friendly skills, customer compliant monitoring cell and quality improvement strategy will improve service quality of the LIC of India.

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