PERCEPTION OF POLICYHOLDERS ABOUT IMPORTANCE OF LIFE INSURANCE CORPORATION OF INDIA AS A MARKETING FACTOR

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Abstract

Insurance companies today operate in the fast changing environment, the changes fuelled by intensifying competition, rapid innovation in financial instruments, products and services, changing consumer demands and the explosive growth in information technology. Only under such circumstance insurance company can perform well. The innovation of insurance by technology that has created an era of informative commoditization of insurance services. Technology provides customer seamless route to accessing the financial products, but at the same time, they create challenges for customers who need to use next generation technology
Keywords: *technology, innovation, competition*

Introduction

Customer perception is a universal concept for all economics of the world. Risk is an inherent part of human life. Insurance is the only solution to manage the risk. Insurance industry offers a variety of insurance products to individuals and business to provide protection from risk and ensure financial security.

Insurance is basically work on the principle of many sharing the loss of few. People facing common risk together and make a small contribution to common fund by way of cooperative venture. LIC which is an important component of financial service sector has witnessed a tremendous growth during the last few years. Perception is defined as the process by which an individual receives, selects, organizes and interprets information to create a meaningful picture of the world.

Review of literature

1. Praveen Sanu and et al., (2009) in his article A study on buying behavior of consumers towards Life Insurance company" the investment habits of Indian consumers are changing very frequently. The individuals have their own perception towards various types of investment plans.
2. Selvinayagam K. and Mathivanan (2010) in his article the competitive climate in the Indian insurance market has changed dramatically over the last few years. At the same time, changes have been taking place in the government regulations and technology. The customer expectations are changing. The existing insurance companies have to introduce many new products in the market, which have competitive advantage over the products of life insurance companies.
3. Ashfaque Ahmed (2013) in his article "Perception of life insurance policies in rural India" there is low level of awareness and understanding of life insurance products.

There are various factors that influence consumer thinking when they are planning to invest in insurance scheme. Most of the customers show their interest in life insurance having higher risk coverage and also for good return with safety. The roles played in perception of life insurance policies in rural market by members of the family varies with knowledge parameters as well as with the type of products and sometimes with the company name also. The insurance company name is also plays an important role in purchasing.

Objectives of Study

1. To examine the perception of policyholders about importance of LIC as a marketing factor.

Sample Size

The sample size of the customer is determined by using the following formula

$$n=\frac{Z^2.pq}{e^2}$$

Z=1.96, p=0.5,q=0.5 (1-p) e=error 0.04

$$n=\frac{3.84x0.5x.05}{0.0016}$$

n=600.25

This is the formula to estimate the sample size based on the population proportion. Here the population proportion (p) is unknown. Therefore the researcher substitutes the maximum value of p and q to determine the sample size.

Sample Method

Non-probability based convenience sampling method.

Universe for the Study

The population of the present study includes LIC policy holders of Kanyakumari district.

Demographic Profile of the Respondents

Table1.1 Exhibits the Profile of the Sample Respondents Selected for the Study.
Demographic Profile of the Respondents

	Categories	Frequencies	Cumulative
Gender	**Male**	**332**	**55.3**
	Female	**268**	**44.7**
Age	20-30	131	21.8
	31-40	100	16.7
	41-50	269	44.8
	Above50	100	16.7
Education	Up to SSLC	49	08.2
	Higher Secondary School	100	16.7
	Graduate	134	22.3
	Post Graduate	216	36

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	Professional	101	16.8
Marital status	Married	518	86.3
	Un Married	82	13.7
Number of children	Up to 2	202	33.7
	3-5	350	58.3
	Above5	48	8
Nature of family	Nuclear	452	75.3
	Joint	148	24.7
Main occupation	Farmer	50	8.3
	Self employed	33	5.5
	Business	50	8.3
	Govt.	217	36.2
	Private	116	19.3
	Professional	50	8.3
	Others	84	14
Place of residence	Rural	330	55.0
	Urban	134	22.3
	Semi urban	136	22.7
Income Tax assessee	Assessee	382	63.7
	Non-assessee	218	36.3
Prospects of future customer	Future customer	411	68.5
	Non customer	189	31.5

Source: Primary Data

It is observed that out of the 600 selected customers, males constitute 55.3 per cent and females come to 44.7 per cent. From the table it can be seen that 86.3 per cent respondents are married. As to educational qualification 36.0 per cent are postgraduates, 22.3 per cent are graduates and16.8 per cent are professionals. Also, it may be seen that8.2 per cent have completed school education. Considering the type of family, 75.3 per cent are nuclear families. It is also observed that families having more than 2 members constitute 58.3 per cent. The classification of the sample based on their occupation shows that the majority of the selected customers are Govt. employees (36.2 per cent), followed by private service (19.3 per cent) and business and self- employed (13.8 per cent). It is observed that 68.5 per cent respondents are future customers of LIC. Out of 600 respondents 67.3 per cent are income tax assesses.

Perception of LIC Customers

Table No 2 Perception of LIC Customers

Variables	SA	A	N	DA	SDA
	5	4	3	2	1
Prompt settlement of claims made	118	268	166	16	32
Easy to avail housing loan	16	333	132	103	16
Easy to avail policy loan with the security of life policy	84	250	165	0	101
Reasonable rate of interest of policy loan	84	234	165	117	0
Quick disposal of policy loan	151	152	164	85	48
Repayment of policy loan is not insisted upon	66	168	181	84	101
Encourage saving	220	251	81	16	32
Helps to reduce tax burden	185	318	33	32	32

Feeling of highly secured	68	352	50	82	48
Reasonable rate of interest on housing loan	48	189	166	149	48
Feeling of fairly rewarded	16	155	216	147	66
The latest position of the policies is informed	16	118	235	116	115
Minor delay in payment of premium is tolerated	34	119	298	85	64
Interim survival benefits (in case of money back policy) is promptly intimated	67	221	149	67	96
Prompt settlement of survival benefits	36	148	200	100	115
Interim payment on policy helps to plan future prospective investment	34	150	171	130	115
Feel that my wards are more secured	34	168	235	97	66
Revival of lapsed policy is difficult	50	202	217	81	50
Surrender value of the policy is very low	116	200	101	119	64
Revival of lapsed policy is very less costly	70	132	134	215	49
Advertisements made by LIC are genuine	116	221	114	133	16
Reasonable bonus is given by LIC	148	249	102	101	0
Delay in payment of premium is reminded promptly	134	219	100	147	0
Choice of time interval for premium payment is conveniently available	58	255	217	34	36
Agents mostly sell and promote those policies/schemes that are beneficial to them in terms of higher commission	150	236	147	49	18

Source: Primary Data

The perception of LIC customers are shown in the above table. It is seen that 55.5 per cent (333) respondents agree that easy to avail housing loan and 19.6 per cent of the respondents are strongly disagree interim payment on policy helps to plan future prospective investment.

Hypothesis

The following hypotheses are framed and tested using Chi-square test.

Hypothesis (H_0) 1: Perception of LIC customers do not significantly differ among categories of family.

Hypothesis (H_0) 2: Perception of LIC customers do not significantly differ among different categories of dependents.

Hypothesis (H_0) 3: Perception of LIC customers do not significantly differ among rural and urban areas.

The perception of customers may vary due to the influence of certain demographic variables. Thus an attempt is made to know the existence of the differences in the overall attitude based of customers based on variables such as type of family, number of dependents and place of residence. The following hypotheses are framed and tested using One Way ANOVA.

The one-way ANOVA test was conducted to examine whether there exist any differences among different categories of age, gender and marital status. The calculated F-ratio if significant indicates that the means between the different groups are not equal. The One-way ANOVA results are shown in table 3.

Table No. 3 One-Way ANOVA between Selected Profile Variables and Identified Latent Factors

Identified Latent Factors	Family Type	No of Dependents	Place of Residence
	t-test	F Stat	t test
Overall Attitude of LIC Customers	1.56 NS	.000**	.014*

Source: Computed Data, NS = Not Significant, * Significant at 5 % level, ** Significant at 1 % level

From the table 3 it is observed that there is significant difference among family type, number of dependents and place of residence with regard to overall attitude of customers. Thus we can state that Hypothesis (H_0) 1 and Hypothesis (H_0) 2 have been rejected. However, Hypothesis (H_0) 3 has been accepted. In effect the attitude of LIC customers on various factors do significantly differ based on their family type and number of dependents.

Suggestions
- The insurance industry is in stiff competition the companies use centric approach.
- LIC has to organize insurance awareness and its product awareness regularly to the public so that the public can have a better idea on the importance of having life policies and thereby increased life insurance density and penetration.
- The information technology has immense potential in marketing services and servicing policyholders. The dependence of customers on agents for payment of premium and other services shows the underutilization of information technology. As such, the premium payment and other services are to be simplified by enabling the customers to access and utilize the services with ease through online by providing demo.

Conclusion
The life insurance industry has great potential in India, as the insured population of the country is one fifth of the population. Bringing the uninsured population in one umbrella of life insurance needs strategic approach, not only in designing appropriate and suitable products but also in satisfying the customer needs to the extent of their expectation.

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