Customer satisfaction towards life insurance corporation with special reference to Chennai City

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Abstract

This study explores satisfaction level of customers towards Life Insurance Corporation in Chennai city. 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 consumer satisfaction towards LIC. This study is based on primary data which is collected through questionnaire among 150 policyholders in Chennai and data were analyzed with multi variety statistical tools like percentage, chi-square and ANOVA analyses were used to identify the factors responsible for consumer satisfaction towards LIC.

Keywords: LIC; Consumer Satisfaction; Consumer Awareness

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1. Introduction

Insurance business wad rapidly grown in 18th century. People are insecure towards risks and uncertainties. Time of death of a person is not certain. Every prudent man is more cautious about preventing them from risk or minimizing or providing effect against it. Insurance sector have made possible to cover the risk which is impossible. Insurance companies started to transfer the risk and dangerous to the take on who are willing to accept the burden for fiscal deliberation. The main objective of insurance corporation is to eliminate the risk on the substitution certainty for uncertain and thus it creates cooperation among the policyholders for spreading their risk. Due to increasing competition in Insurance sector and increasing expectation of policyholder's leads to measure the awareness and satisfaction level of the customers. LIC started to provide more services in order to satisfy the requirement of the customer and for their success and survival in the Insurance Sectors. Due to change in taste and preference of the policyholder it is becoming difficult for the insurance company to understand and measure the service effectively.

1.1. Statement of problem

The study analysis the consumer awareness and satisfaction level of LIC policyholder. Consumers are keener about their satisfaction and in increasing stiff competitive and ruthless market lead the policyholders to become more aware about their policies they availed. Consumer 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

1.2. Importance of the research

Customer satisfaction is one of the important tools for the every insurance company and it focuses on analyzing the awareness and satisfaction level of the customers towards their investment of money in risk-free avenues. Therefore it is important to seek out the factors that influence customer satisfaction which will contribute to the development of our economy. Besides that, it is essential to identify the reason that restrains one from becoming customers of life insurance. It is a rare perspective compare to researches conducted based on factors like policies, price and promotion and this will help in enhancing the life insurance corporation for providing good policies to their customer according to their requirement.

1.3. Objective of the study

The purpose of the study is to analyze consumer satisfaction towards life insurance policies. Now a day's customers are aware about the term insurance. Since life is uncertain, it plays vital role in everyone's life for securing their future. So therefore understanding the customer requirement is one of the important things

for Insurance companies for achieving their targeted profit. So therefore how effective the insurance companies satisfying the policyholders need. The objectives of the study are as follows as

1- To know the consumer satisfaction towards services offered by life insurance corporation in Chennai city
2- To determine the factors and attributes that influences the policyholders towards different policies.
3- To study the problems faced by policyholder and strategies to enhance Life insurance service.

1.4. Review of literature

It highlights the study of previous literature regarding the consumer satisfaction and Life insurance Corporation the previous study helps to get an idea about different approaches made by the earlier researches in the field and also to identify the research-gap. The following are the few reviews taken from the renowned authors work.

Roy (1987) examined the environment and impact for providing better customer services to policyholders for fulfilling their needs by providing quality service. The author found about various steps for providing quality service to the customer by providing training programmes to their agents and employees, origin of new branches and services will enhance the quality of Life Insurance Company. Planning Department (1987) discussed about level of customer satisfaction towards particular services provided by LIC such as timely report of discharge forms, cooperation among employees, receipt of policy amount contained by due date the study revealed that insurance company should keep on measuring the maturity settlement claim for quick settlement to the policyholder and their grievances at the delay in settlement could be satisfied by providing an prompt attention to them when they visit office. The Insurance Institute of India (1987) examine the Extent of life insurance coverage, awareness, attitudes andbeliefs of people on life insurance, perceptions, sense of identification of employees with Life Insurance Company. Author found that LIC is a better investment than bank deposits and their product are popular among the consumers on account of its reliability. Shejwalker (1989) examined "Training in Life Insurance Marketing" author discussed about the importance of train agents for the development of life insurance business and he found out that present pattern of selecting agent should be changed and suggested that private institution should impart trainings to their agents.

Kirubashini (1991) study was undertaken to know the level of awareness, preference and factors influencing the policy holdings and to know the relationship between policy holdings and influencing factor. The study found that majority of the respondents were aware of the endowment policy and they preferred it as their choice. The study also revealed that there is relationship between individual factors like age, income, gender and policy holdings. Frank and Enkawa (2010) examined the impact of economic growth and economic expectation that influence the customer satisfaction and their quality. They found that policyholders are positively influenced towards economic growth and negatively influenced towards their economic expectation and also found that economic expectation and quality expectations are positively correlated.

2. Method

Descriptive research design was adopted for analyzing the customer satisfaction towards Life Insurance Corporation. This study is based on both Primary and Secondary data. Primary data were collected using questionnaire the first part of the questionnaire consist of demographic profile of the consumer and the second part consists of five point scaling questions relates to consumer satisfaction towards Life Insurance Corporation and the secondary data were used for collecting information on published sources like magazine, books, journals, annual report etc. about consumer satisfaction for clear understanding of the concept. The sample size is limited to 100 and convenient sampling techniques were adopted for collecting the data. By using suitable statistical tools like percentage analysis, cross tabulation, chi-square test, and ANOVA. The collected data were analyzed and results were interpreted.

3. Results and discussions

The results of the study lights on consumer satisfaction towards Life Insurance Corporation with reference to Chennai city, which enlighten on customer satisfaction, awareness and attitude towards Insurance sector,

Table 1. Demographic Profile of the Respondents

	Profile	Frequency	Percentage
Gender	Male	90	60.0
	Female	60	40.0
Occupation	Professional	56	37.33
	Business	30	20.0
	Employed	42	28.0
	Others	22	14.66
Age	Below 25 years	40	26.67
	26 - 35 years	66	44.0
	36 – 45 years	35	23.33
	Above 45 years	9	6.0
Education	Graduation	27	18.0
	Post-Graduation	65	43.33
	Professional	50	33.33
	Others	8	5.33
Annual Income	Below Rs.1,00,000	28	18.67
	Rs.1,00,000 – 2,00,000	35	23.33
	Rs.2,00,000 – 3,00,000	50	33.33
	Rs.3,00,000 – 4,00,000	23	15.33
	Above Rs.4,00,000	15	10.0
Family	Nuclear family	100	66.67
	Joint family	50	33.33
Total		**150**	**100.0**

Source: Primary data

The demographic characteristics of the respondents are summarized in table 1. Out of 150 respondents 60 % of the respondents were male and the remaining 40 were female. 44% of policyholders fall under the age group of 26-35 years and 43.33% have done their post – Graduation which is followed by Professional 33.33%. 66.67% of them belong to nuclear family. 37.33% of the respondents were professional, 28.0% of the respondents were employed. 18.67% of the respondents fall under the income group of below Rs.1,00,000, 23.33% of respondents fall under the income group of Rs.1,00,000 to 2,00,000, 33.33% of respondents fall under the income group of Rs.2,00,000 to 3,00,000, 15.33% of respondents fall under the income group of above Rs.3,00,000 – 4,00,000, where remaining 10% of respondents fall under the income group of above Rs.4,00,000.

Table 2. Consumer Satisfaction towards LIC

Particulars		Frequency	Percentage
Sources of awareness	Advertisement	30	20.0
	Friends and relatives	65	43.33
	Agents	40	26.66
	Marketing executives	15	10.0
Satisfaction towards premium rate	High	30	20.0
	Reasonable	95	63.33
	Low	25	16.66
Mode of payment	Monthly	17	11.33
	Arterly	34	22.67
	Half-yearly	45	30.0
	Annually	54	36.0
Policy preferred by policyholders feel secured	Child plans	37	24.67
	Pension plans	32	21.33
	Protection plans	47	31.33
	Saving plans	20	13.33
Reason for non-renewal of the policy	Financial problem	70	46.66
	Business problem	35	23.33
	Personal problem	40	26.66
	Not willing to continue	5	3.33
Duration of policy	Less than 3years	20	13.33
	3-8 years	56	37.33
	8-15 years	44	29.33
	Above 15 years	30	20.0
Factors influencing media advertisement	Television	67	44.66
	Exhibition	20	13.33
	Trade journals	50	33.33
	Others	13	8.67
Total		**150**	**100.0**

Source: Primary data

In this study, out of 150 LIC policyholders, 43.33% of the policyholders were aware about policies through their friends and relatives which were followed by 26.66% from their agents. 63.33% of the policyholders felt that premium rates are reasonable. 36% of respondent prefer to pay the premium on annual basis due to

constrain in their income. 31.33% of the policyholders feels secured to invest in protection plan which is followed by child plan (27.67%).46.66% of the respondent were facing financial problem so they were not able to renewal their policies. 37.33% of the policyholder proceeds policy for the period of 3 -8 years. Majority 44.66% of respondent were influenced through television advertisement.

Table 3. Cross Tabulation - Consumer Satisfaction towards LIC Based On Their Gender

Level of Satisfaction	Gender		Total
	Male	Female	
High level of satisfaction	48.4	30.6	79.0
Low level of satisfaction	41.6	29.4	71.0
Total	90.0	60.0	150.0

Source: primary data

Table 3 reveals that 48.4 %of the male and 30.6 % of the female have a high level of satisfaction, 41.6% male and 29.4% female have low level of consumer satisfaction towards LIC.

- *H_0 (Null hypothesis)* = the satisfaction of respondents does not significantly vary according to their gender.
- *H_1 (Alternate hypothesis)* = the satisfaction of respondents does significantly vary according to their gender.

Table 4. Chi-Square -Consumer Satisfaction towards LIC on Their Gender

Chi – square	Value	Sign
Pearson Chi-Square	0.609	.346

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 18.58.

The Pearson Chi- Square calculated value is 0.609 and it is significant at the level of significance .346 at the degrees of freedom 1. In the above obtained result, since the significance value is more than 0.05 the null hypothesis is accepted and alternate hypothesis is rejected and it is concluded that the satisfaction of respondents on does not significantly vary according to their gender.

Table 5. Cross Tabulation - Consumer Satisfaction towards Desire of Their Policies

Policyholders /desired policy	High level of satisfaction	Low level of satisfaction	Total
Retirement plans	15	19	34
Child plans.	14	19	33
Protection plans	20	18	38

Table 5. *Cont.*

Policyholders /desired policy	High level of satisfaction	Low level of satisfaction	Total
Saving plans	10	15	25
Others	10	10	20
Total	69	81	150

Table 5 exposes that 20 policyholder have high level of satisfaction towards their protection plans which is followed by 15% of respondents prefer retirement plan and 19% of the respondent has low level of satisfaction towards their desire for investing in child plan.

- H_0 *(Null hypothesis)* = there is no significance difference between consumer satisfaction and their desire towards selection of policy.
- H_1 *(Alternate hypothesis)* = there is no significance difference between consumer satisfaction and their desire towards selection of policy.

Table 6. Chi-Square - Consumer Satisfaction towards Desire of their Policies

Chi – square	Value	Sign
Pearson Chi-Square	1.041	.308

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 24.33.

The Pearson Chi- Square calculated value is 1.041 and it is significant at the level of significance .308 at the degrees of freedom 1. In the above obtained result, since the significance value is more than 0.05 the null hypothesis is accepted and alternate hypothesis is rejected and it is concluded that the satisfaction of respondents were not significance between their selection of desired policies and their satisfaction.

ANOVA: The ANOVA is a statistical tool for separating the total variability found with the data. It used to determine the impact on independent variables have on the dependent variable in a regression analysis. ANOVA test is used to identify the factors that influencing the given data set.

Table 7. One Way Analysis on Consumer Satisfaction towards Their Gender

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	12.832	3	4.277	4.813	.003
Within Groups	174.188	196	.889		
Total	187.020	199			

INFERENCE:

- H_0 (Null hypothesis) = There is no significant mean variation between customer satisfaction with their gender.
- H_1 (Alternate hypothesis) = There is significant mean variation between customer satisfaction with their gender.

Table 7 shows that the effectiveness of ERP system based on satisfaction of the consumer. The F value is 4.813 and it is significant at the level of significance .003 at the degrees of freedom 3. In F test if the significant value is above 0.05 then Accept null hypothesis and reject the alternate hypothesis. And this study shows there is no significant mean variation between customer satisfactions with their gender.

Table 8. One Way Analyses on Consumer Satisfaction towards Their Occupation

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	46.329	3	15.443	1.719	.000
Within Groups	95.426	196	.487		
Total	141.755	199			

INFERENCE:

- H_0 (Null hypothesis) = There is no significant mean variation between consumer satisfaction with their occupation**.**
- H_1 (Alternate hypothesis) = There is significant mean variation between consumer satisfaction with their occupation.

Table 8 shows that the effectiveness of ERP system based on satisfaction of the consumer. The F value is 1.719 and it is significant at the level of significance .000 at the degrees of freedom 3. In F test if the significant value is above 0.05 then Accept null hypothesis and reject the alternate hypothesis. And this study shows there is significant mean variation between consumer satisfactions with their occupation.

4. Summary and suggestions

Satisfaction is a most important considered factor among the customers and company to add value towards their product and service which leads to customer satisfaction. This study results that every insurer should understand the consumer requirement about the policies offered by them. Some of the suggestions, for LIC in India can succeed by covering more clients through advisers and advertisement. They should create awareness among the illiterate and rural groups for the growth of business by concentrating on more promotional activities. They should create economic value for the customers. So, that lack of trust and privacy among the customer can be avoided, quick repayment and security measure should be taken for attracting more policyholders.

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