

Study on Modeling of Policyholder Behavior for Life Insurance in Erode

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Abstract

Life Insurance Corporation of India (LIC) is the India's largest Life Insurance Company. LIC has acquired monopoly power in the solicitation and sale of Life Insurance Policies in India. LIC has registered a six per cent increase in market share to 78 percent during the current financial year. LIC's market share at the end of March 31, 2014, had stood at 72 per cent of all new policies sold during the last financial year (2013-14). The combined market share of 23 Private Life Insurance Companies has 22 per cent during the current fiscal, according to the latest figures. LIC has 53 products in his portfolio and sold around 80 lakh policies till the end of July 2014. LIC has set the new target of Rs. 54000 crores as a first premium income for 2015-16. LIC has a 78 per cent share because the private sector companies focus more on big ticket premiums, while LIC offers at a minimum premium of Rs 250 with life insurance value of Rs 30,000. This enables the public sector company to achieve the social objective of taking its insurance cover to a wider range of the country's population. LIC also has the lowest outstanding claims ratio. LIC had settled 99.8 per cent of death claims while the Private Sector Companies had settled 96.8 per cent of such claims. In this research paper we studied Customer Satisfaction towards Life Insurance Corporation of India (LIC), because Consumer Satisfaction is the first step to Achieve Consumer Loyalty. If the customers of Life Insurance Corporation are Satisfied and Happy then and then only they may be Loyal to the LIC. For this research Primary Data was collected from the various customers of Life Insurance Corporation of India. For data collection designed Questionnaire was distributed and collected from the respondents.

Keywords: LIC, Data Collection, Insurance Policies

I. INTRODUCTION

Wherever there is uncertainty there is risk. The risk cannot be averted. The risk is uncertainty of the financial loss. We don't have any command on uncertainties. This makes it essential that we think in favor of a device that becomes instrumental in spreading the loss. It is in this context that we think about insurance. Insurance give you protection against the possible chances of generating uncertain losses. It eliminates worries and miseries of losses or destruction of property and death.

Life insurance is a contract between you and a life insurance company, which provided you death benefits during the contract term. Buying insurance is extremely useful if you are the principal earning member in the family unfortunate premature demise, your family can remain financially secure because of the life that you have purchased. The primary purpose of Life Insurance is therefore protection of the family in the even Insurance is also seen as a tool to plan effectively for your future years.

Over the past ten years the Indian education system has experienced change at an extraordinary rate. The pace of change has had an impact on the organization and its people; they are growing tired of change and showing signs of cynicism and burnout commonly associated with "change fatigue". Which created awareness on the Life and health insurance in the minds of the people? (sc vetrivel)

Your retirement, children s future needs. Today, the market offers insurance plans that not just cover your need but same time grow your wealth too. If you have dependants and financial responsibilities toward them, then you certainly need. Having a family means dependant, which in turn means financial commitments. Finance comes in the form of loans, children s education, medical expenses etc. Imagine what would happen if you were to lose your life suddenly or become disabled being insured in a situation like this is a necessity. When you insured your life, in effect what you are doing insuring your earning capacity that your dependents will be able to continue living without financial hardships even in case most Insurance Plans available today come with a savings element built into it. These policies not only for a financially independents future, which were have a comfortable retirement.Life was not designed to be risk free. The key is not to eliminate risk, but to estimate it accurately and manage it wisely. Insurance sector have characteristic that give can boost to the growth of any economy .it is due to the savings done at the individual level and at micro level it generates funds for infrastructure building as the cash flow is constant while the

payout is differed, so that the insurance companies are becoming biggest investors in long gestation infrastructure development projects and hence have a great Importance to the developing economy like India.

Life Insurance Corporation (LIC) came into existence on 1st September 1956 through the amalgamation of 154 Indian insurance companies, 16 non-Indian companies and 75 provident. The amalgamation was achieved with the help of Life Insurance Act passed by the Parliament on the 19th of June 1956. The LIC was created with the goal of reaching all the insurable people in the country and providing them financial coverage at a reasonable price.

In the year 1956, LIC had 5 zonal offices, 33 divisional offices and 212 branch offices, apart from its corporate office in the year 1956. Since life insurance contracts are long term contracts and during the currency of the policy it requires a variety of services need was felt in the later years to expand the operations and place a branch office at each district headquarter. Re-organization of LIC took place and large numbers of new branch offices were opened. As a result of reorganization servicing functions were transferred to the branches, and branches were made accounting units.

Today LIC functions with 2048 fully computerized branch offices, 109 divisional offices, 8 zonal offices, 992 satellite offices and the corporate office. LIC's Wide Area Network covers 109 divisional offices and connects all the branches through a Metro Area Network. LIC has tied up with some Banks and Service providers to offer on-line premium collection facility in selected cities. LIC has extended its activities in 12 countries other than India with the objective of catering to the insurance needs of Non Resident Indians.

Life Insurance Corporation of India (LIC) is the India's largest Life Insurance Company. LIC's market share at the end of March 31, 2014, had stood at 72% of all new policies sold during the last financial year (2013-14). The combined market share of 23 Private Life Insurance Companies has 22 per cent during the current fiscal, according to the latest figures.

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This research paper is based on the Customer Satisfaction towards Life Insurance Corporation of India (LIC), because Customer Satisfaction is the back bone for Life Insurance Corporation of India (LIC) in future progress. For Business progress and expansion to serve costumer is not the only objective, but keep them satisfied is the most important objective. Satisfied customers are the main assets for any organizations in their long term future progress.

II. OBJECTIVE OF RESEARCH

- 1) To Study the Consumer Satisfaction Towards Life Insurance Corporation of India.
- 2) To measure the level of Life Insurance services factors provided to the beneficiaries of health insurance services
- 3) To know the Customers of the Life Insurance Corporation of India were satisfied with the Products and Services.
- 4) To develop and standardize a measure to evaluate investment pattern in life insurance services.

III. RESEARCH METHODOLOGY

A. Research Design:

It is a descriptive research study will be carried out which are concerned with describing the various characteristics like Knowledge, Product Information and Satisfaction Level of a particular individual Customer of Life Insurance Corporation of India.

B. Sampling Design:

It is a definite plan for obtaining a sample from a decided population. The decided population is Customers of Life Insurance Corporation of India those already purchased the various Products(Policy) of Life Insurance Corporation of India.

C. Place of Study:

This study was conducted in the Customers Life Insurance Corporation of India from the Erode District

D. Sampling Unit:

The sampling unit is the area or field from where the sample will be collected. In this study the sample units are Customers Life Insurance Corporation of India from the Erode District.

E. Sampling Size:

Sample of this study is the Customers Life Insurance Corporation of India.
The total sample size was 150.

F. Data Collection:

The collected data should be appropriate & adequate, hence to be collected by two methods i.e. Primary and Secondary. The Primary data was collected directly by the researcher from 150 respondents (Customers of Life Insurance Corporation of India).

The Secondary data was collected from text books, journals and websites.

G. Research Instrument:

Structured Questionnaire based on fifteen point questions was designed and interviewed the Customers of Life Insurance Corporation of India from selected area.

IV. DATA INTERPRETATION AND ANALYSIS

Table - 1
Personal Details

<i>Age Group</i>	<i>No.of Respondent</i>	<i>%. Of Respondent</i>
25-35	37	25
36-45	64	43
46-60	35	23
Above 60	14	9

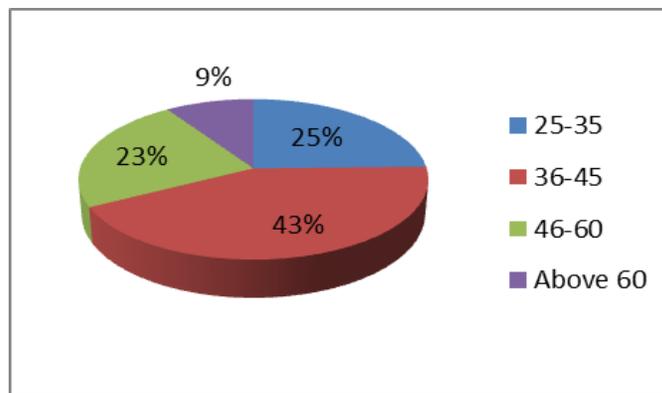


Fig. 1: Age Group of Respondents

Table - 2
Gender of the Respondents

<i>Gender</i>	<i>No. of Response</i>	<i>%. Of response</i>
Male	87	58
Female	63	42

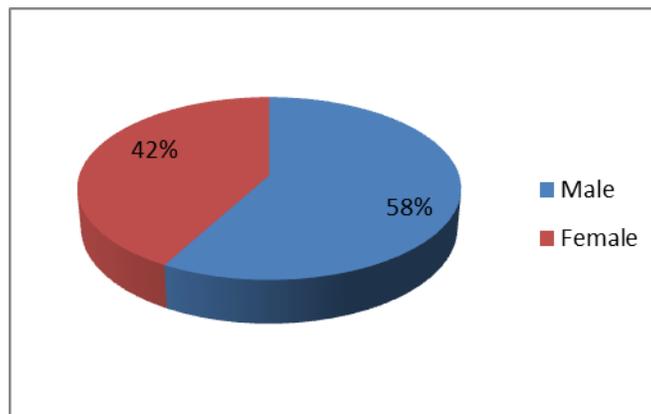


Fig. 2: Gender of Respondents

Table – 3
Occupation of the Respondents

<i>Occupation</i>	<i>No.of.respondent</i>	<i>% of Respondent</i>
<i>Service</i>	<i>85</i>	<i>57</i>
<i>Self Employed</i>	<i>37</i>	<i>25</i>
<i>Business</i>	<i>14</i>	<i>9</i>
<i>Household</i>	<i>14</i>	<i>9</i>

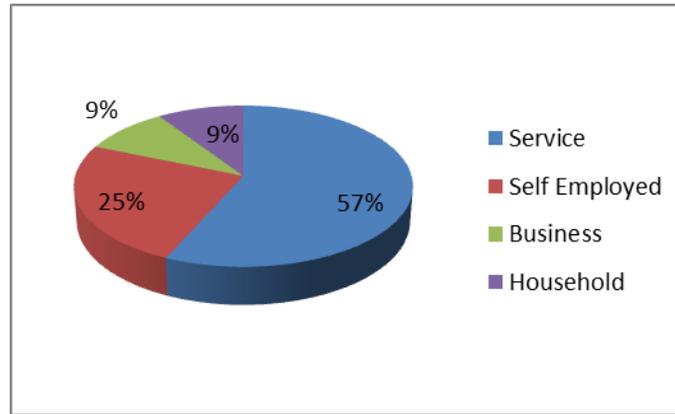


Fig. 3: Occupation of the Respondents

Table – 4
Monthly Income of the Respondents

<i>Monthly Income</i>	<i>No. of Respondents</i>	<i>% of Respondents</i>
<i>Up to 10,000</i>	<i>22</i>	<i>15</i>
<i>11,000 To 25,000</i>	<i>48</i>	<i>32</i>
<i>26,000 To 50,000</i>	<i>60</i>	<i>40</i>
<i>51,000 To 1 Lakh</i>	<i>20</i>	<i>13</i>

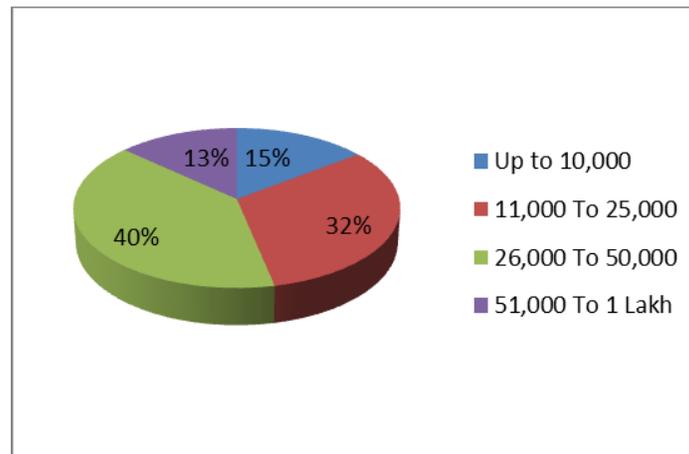


Fig. 4: Monthly Income of the Respondents

Table - 5
Familiarity of Respondents with Products of Life Insurance Corporation of India

<i>Response</i>	<i>No. of Respondents</i>	<i>% of Respondents</i>
<i>Yes</i>	<i>128</i>	<i>85</i>
<i>No</i>	<i>22</i>	<i>15</i>

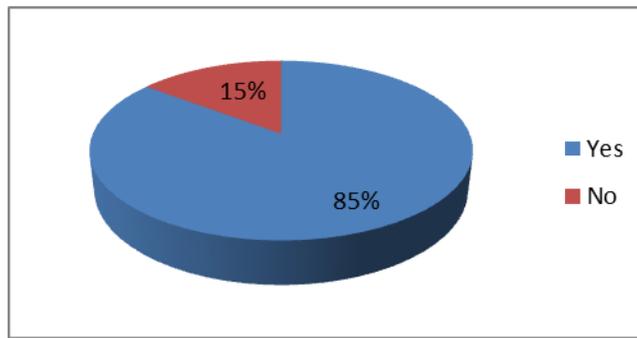


Fig. 5: familiar with Products of LIC

Table – 6
The Products of Life Insurance Corporation of India:

<i>LIC Plan</i>	<i>No. of Respondents</i>	<i>% of Respondents</i>
<i>Insurance Plan</i>	<i>70</i>	<i>47</i>
<i>Pension Plan</i>	<i>21</i>	<i>14</i>
<i>Unit linked Insurance Plan</i>	<i>24</i>	<i>16</i>
<i>Term Assurance Plan</i>	<i>23</i>	<i>15</i>
<i>Whole Life Plan</i>	<i>12</i>	<i>8</i>

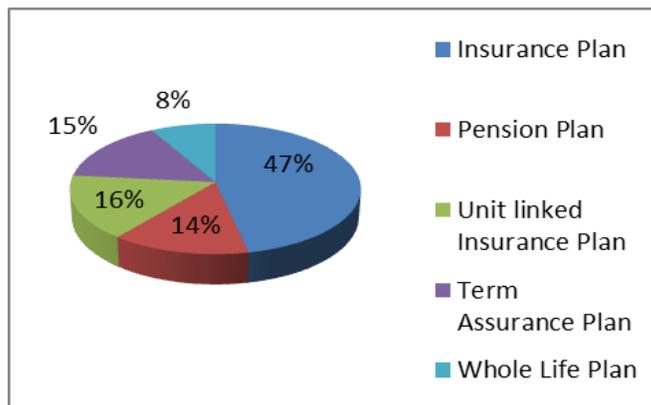


Fig. 6: LIC Plans purchased by Respondents

Table – 7
Thinking of Respondents about Necessary of Life Insurance

<i>Response</i>	<i>No. of Respondents</i>	<i>% of Respondents</i>
<i>Yes</i>	<i>128</i>	<i>85</i>
<i>No</i>	<i>22</i>	<i>15</i>

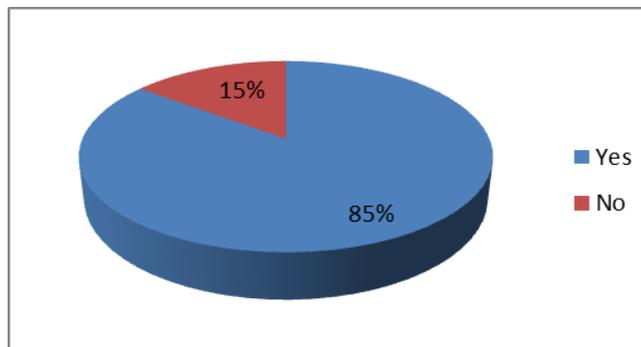


Fig. 7: Necessary of Life Insurance

Table – 8
Insurance Policies Purchased by Respondents from Life Insurance Corporation of India

<i>Insurance policy</i>	<i>No. of Respondents</i>	<i>% of Respondents</i>
<i>Jeevan anand</i>	<i>30</i>	<i>20</i>
<i>Jeevan sathi</i>	<i>13</i>	<i>9</i>
<i>Single Endowment plan</i>	<i>23</i>	<i>15</i>
<i>New Jeevan anand</i>	<i>9</i>	<i>6</i>
<i>New Endowment</i>	<i>14</i>	<i>9</i>
<i>New bema budget</i>	<i>8</i>	<i>5</i>
<i>New money back plan</i>	<i>13</i>	<i>9</i>
<i>Anmol jeevan</i>	<i>8</i>	<i>5</i>
<i>Jeevan Rakshak plan</i>	<i>11</i>	<i>7</i>
<i>Jeevan Akshay vi plan</i>	<i>7</i>	<i>5</i>
<i>Limited premium Endowment plan</i>	<i>9</i>	<i>6</i>
<i>New children money back plan</i>	<i>5</i>	<i>3</i>

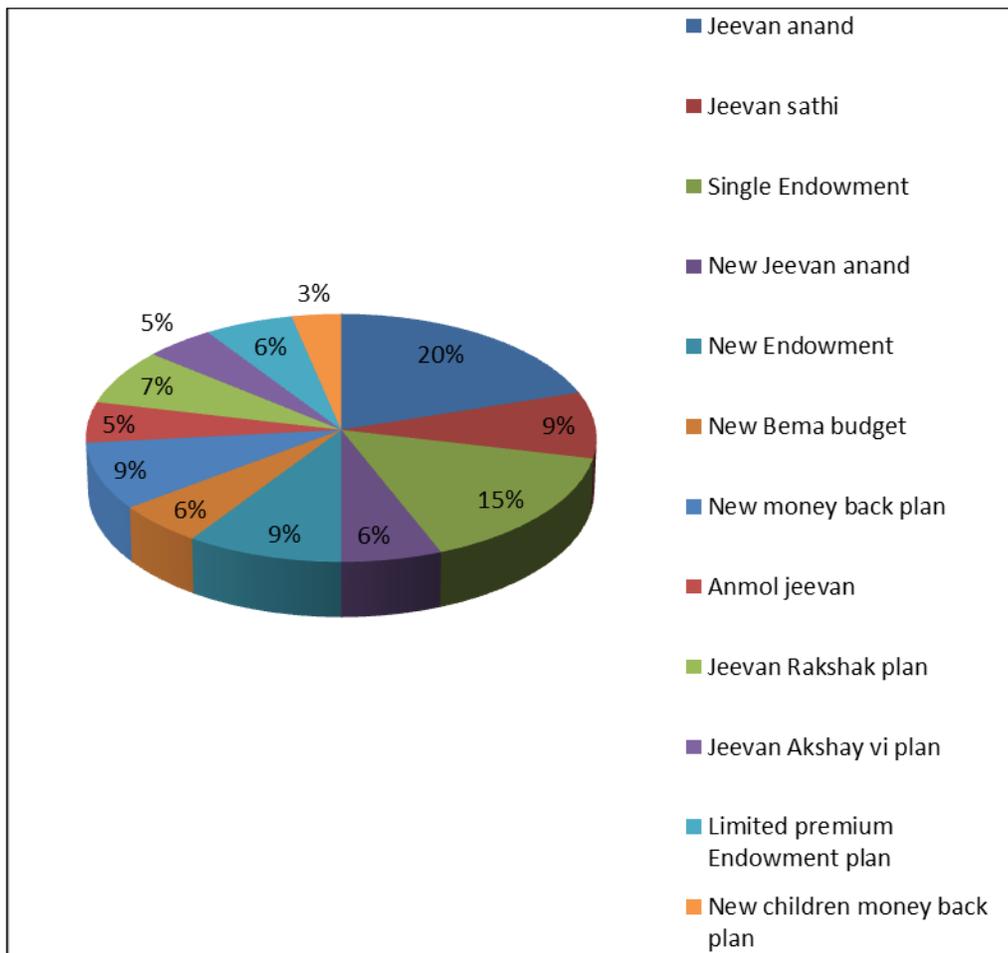


Fig. 8: Insurance Policies purchased by Respondents

Table - 9
The Premium Payment Type preferred by Respondents

<i>Premium type</i>	<i>No. of Respondent</i>	<i>% Of Respondent</i>
<i>Monthly</i>	<i>89</i>	<i>59</i>
<i>Quarterly</i>	<i>0</i>	<i>0</i>
<i>Half-Yearly</i>	<i>23</i>	<i>15</i>
<i>Annunally</i>	<i>38</i>	<i>25</i>

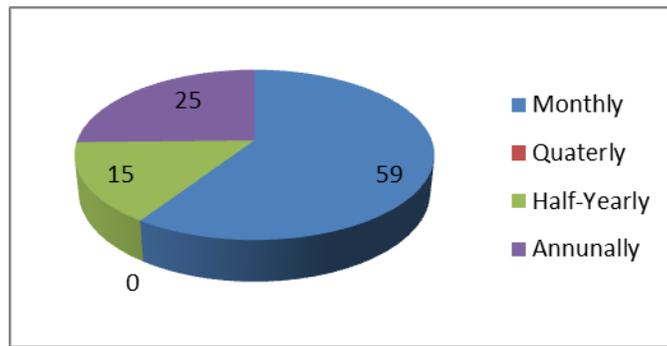


Fig. 9: Premium Payment Type

Table - 10
The Premium Payment Mode used by Respondents

<i>Premium payment mode</i>	<i>No. of respondent</i>	<i>% Of Respondent</i>
<i>Online</i>	<i>30</i>	<i>20</i>
<i>Physically</i>	<i>38</i>	<i>25</i>
<i>Through Agent</i>	<i>82</i>	<i>55</i>

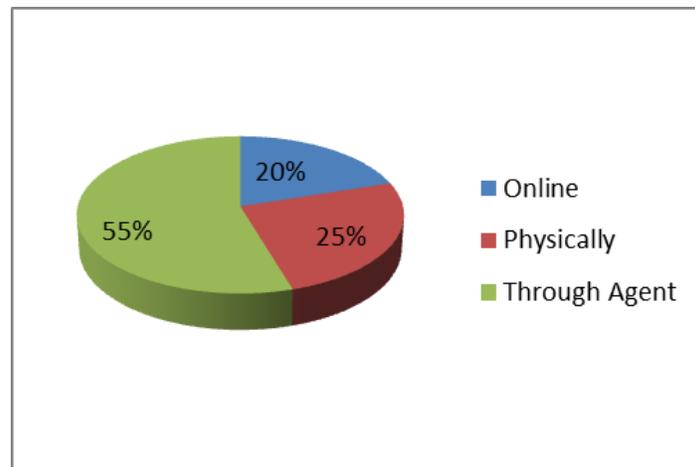


Fig. 10: Premium Payment Mode

Table - 11
Parameters Inspired for Investment in Life Insurance Corporation of India:

<i>Parameters</i>	<i>No. of respondent</i>	<i>% Of Respondent</i>
<i>Trust</i>	<i>72</i>	<i>48</i>
<i>Good return and Dividends</i>	<i>32</i>	<i>21</i>
<i>High Return at the end of Maturity</i>	<i>15</i>	<i>10</i>
<i>Good service from Agent</i>	<i>31</i>	<i>21</i>

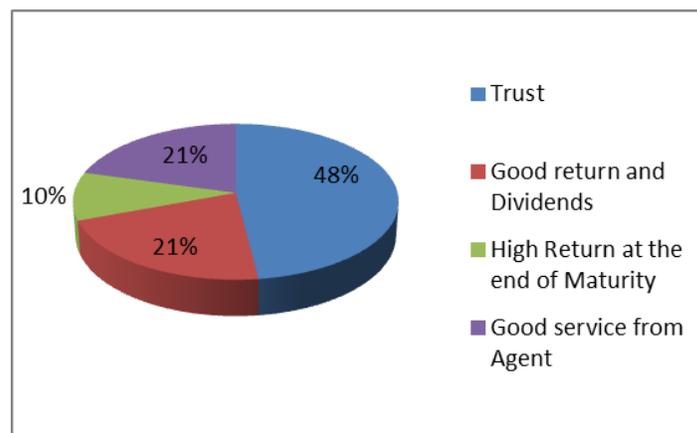


Fig. 11: Parameters Inspired for Investment in LIC

Table-12
The Objective of Respondents while Purchasing Insurance Policy

<i>Objectives</i>	<i>No. of Response</i>	<i>% Of Response</i>
<i>Future Investment</i>	<i>45</i>	<i>30</i>
<i>To cover Risk</i>	<i>83</i>	<i>55</i>
<i>Long term Benefits</i>	<i>22</i>	<i>15</i>

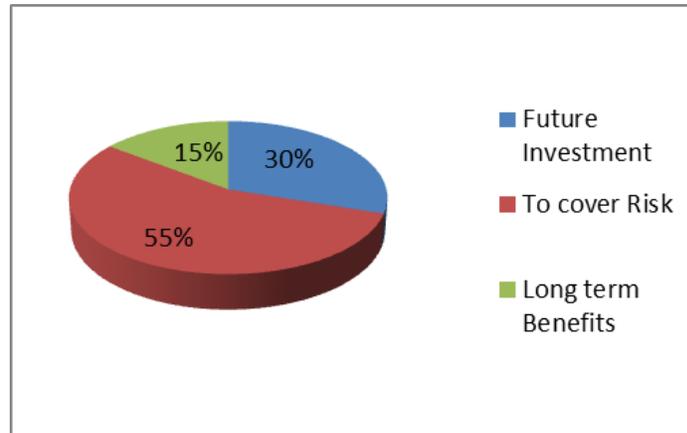


Fig. 12: Objective while purchasing Insurance Policy

Table - 13
Satisfaction of Respondents about Existing Insurance Policy

<i>Response</i>	<i>No. of Response</i>	<i>% Of Response</i>
<i>YES</i>	<i>135</i>	<i>90</i>
<i>NO</i>	<i>15</i>	<i>10</i>

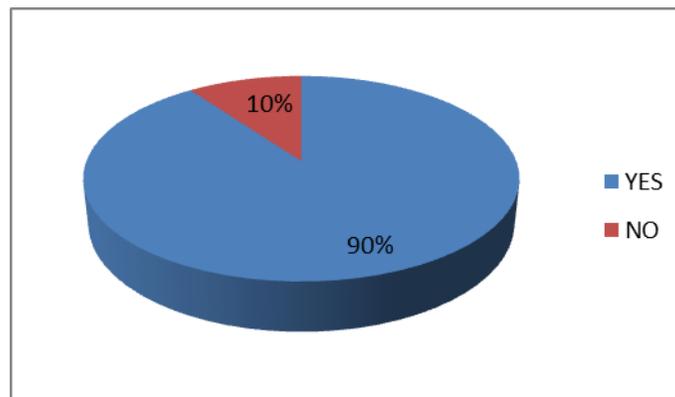


Fig. 13: Satisfied on Insurance Plan

Table - 14
The Services Rating by Respondents about Life Insurance Corporation of India

<i>Service Rating</i>	<i>No. of Respondent</i>	<i>% Of Respondent</i>
<i>Highly Dissatisfied</i>	<i>5</i>	<i>3</i>
<i>Dissatisfied</i>	<i>41</i>	<i>27</i>
<i>Moderately Satisfied</i>	<i>54</i>	<i>36</i>
<i>Satisfied</i>	<i>38</i>	<i>25</i>
<i>Highly Satisfied</i>	<i>12</i>	<i>8</i>

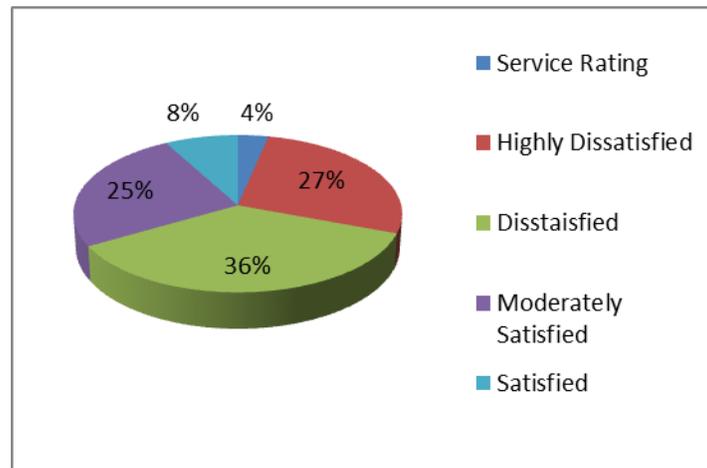


Fig. 14: Services Rating by Respondents of LIC

V. FINDINGS & CONCLUSION

- 1) The 70% of customers of the Life Insurance Corporation of India were satisfied with the Products and Services of Life Insurance Corporation of India.
 - 1) There are 8% of respondents are HIGHLY SATISFIED.
 - 2) There are 25% of respondents are SATISFIED.
 - 3) There are 36% of respondents are MODERATELY SATISFIED.
 - 4) There are 27% of respondents are DISSATISFIED.
- 1) Most of i.e. 48% of respondents are inspired to Invest in Life Insurance Corporation of India due to the TRUST on Life Insurance Corporation of India and 55% of respondent's objective for purchasing the Insurance Policy was TO COVER RISK.
- 2) 90% respondents are FAMILIAR with the products of Life Insurance Corporation of India and THINK INSURANCE IS ESSENTIAL for life, but those are in SERVICE with monthly income Rs.25000 to 50000 mostly purchased the various Life Insurance policies.
- 3) The awareness about Life Insurance of Life Insurance Corporation of India among the respondents is at the middle age i.e. 36-45 years is maximum and nearly 58% of MALES are interested in purchasing Life Insurance of Life Insurance Corporation of India.
- 4) There are 59% respondents prefer MONTHLY PREMIUM PAYMENT, 25% respondents prefer YEARLY PREMIUM PAYMENT and 15% respondents prefer HALF YEARLY PREMIUM PAYMENT.
- 5) There are 55% respondents uses THROUGH AGENT mode for Premium Payment, while 25% respondents use PHYSICAL mode for Premium Payment and 20% respondents use ON LINE mode for Premium Payment.
- 6) There are 55% of respondent's objective while purchasing Insurance policy was TO COVER RISK, 30% respondent's objective while purchasing Insurance policy was FUTURE INVESTMENT and 15% respondent's objective while purchasing Insurance policy was LONG TERM BENEFITS.

VI. RECOMMENDATIONS

- 1) The saving and Investment awareness was very less in the young age i.e. 25 to 35 years mainly in income group of Rs.10000 to 25000 and female. So Life Insurance Corporation of India should design and launch products suitable to these groups and increase the awareness as well as Investment.
- 2) The response to the other Plans of Life Insurance Corporation of India was low as compared with Insurance Plan. It is necessary to promote the Whole Life Plan, Pension Plan and Unit Linked Insurance Plan.
- 3) Most of the customers (respondents) of Life Insurance Corporation of India still paying their Premium through Agents. But with new technology On LINE Premium Payment is more easy and faithful than Agents, so Life Insurance Corporation of India should give the knowledge and trust about this payment mode.
- 4) Most of the i.e. 65% of customer's objective behind purchasing Insurance Policies of Life Insurance Corporation of India was To Cover Risk. So Life Insurance Corporation of India tries to change that objective and attitude of customers toward Insurance Policies as a Future Investment & Long Term Benefit.
- 5) The most of the customers (respondents) of Life Insurance Corporation of India expect better service and good benefits on their Investment. So Life Insurance Corporation of India should try to give good service and benefit to the customers in long term.

VII. CONCLUSION

Life insurance has today become a mainstay of any market economy since it offers plenty of scope for garnering large sums of money for long periods of time. In present customers have access to more and better products that suit their specific needs and a new breed of insurance advisors has come. These agent advisors build good relationships with their clients and help them better understand the value of life insurance and sell customized solutions in a needs-based manner. A well regulated life insurance industry which moves with the times by offering its customers tailor made products to satisfy their financial needs.

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