

# A Study on Client Satisfaction towards Life Insurance Corporation of India

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**Abstract-** Insurance is a means of protection from financial loss. It is a form of risk management primarily used to hedge against the risk of a contingent, uncertain loss. The insured receives a contract, called the insurance policy, which details the conditions and circumstances under which the insured will be financially compensated. Life Insurance Corporation of India is the only public sector Life Insurance Company in India. It was founded in 1956 with the merger of more than 245 insurance companies and provident societies. LIC has its headquarters in Mumbai, the commercial capital of India and currently functions with 8 zonal offices and 113 divisional offices. It is the largest life insurance company in India with over 2000 branches and over 14 lakh agents to solicit life insurance business in the country. LIC provides wide range of life insurance plans from pure term insurance plans to savings and investment products.

Life Insurance Corporation of India is the India's largest Life Insurance Company. It has acquired monopoly power in the solicitation and sale of life Insurance policies in India. LIC has registered a 6% increase in market share to 78 percent during the current financial year. LIC's market share at the end of March 31, 2011, had stood at 72 % of all new policies sold during the last financial year (2010-11). The combined market share of 23 Private Life Insurance Companies has 22 % 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 2011. LIC has set the new target of Rs. 54000 crores as a first premium income for 2011-12. LIC has a 78 % 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 objectives 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 % of death claims while the Private Sector Companies had settled 96.8 per cent of such claims.

In this research paper Customer Satisfaction towards Life Insurance Corporation of India (LIC) has been studied, because Consumer Satisfaction is the first step to achieve consumer loyalty. If the customers of Life Insurance Corporation are Satisfied and happy then only they may be Loyal to the LIC of India.

**Keywords:** LIC of India, Customer's Satisfaction, Customers Loyalty

## I. INTRODUCTION

Insurance can be best defined as a system which provides protection against monetary loss caused by unforeseen events Dictionary of business and finance states that insurance is a form of contract or agreement under which one party agrees in return for a consideration to pay an agreed amount of money to another party to make good for a loss, damage, or injury, to something of value in which the insured has a pecuniary interest as a result of some uncertain event. Insurance gives 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 clients and a life insurance company, which provided clients death benefits during the contract term. Buying insurance is extremely useful if clients are the principal earning member in the family unfortunate premature demise, clients family can remain financially secure because of the life that they have purchased. , Therefore, insurance can be best defined as a system which provides protection against monetary loss caused by unforeseen events; 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 the client's future years.

In the Indian Scenario, insurance is synonymous with two aspects- savings and tax benefits. Financial planning for the average Indian is incomplete without insurance. The Indian Insurance Industry has become competitive after 1990. Some of the largest financial corporations have entered in the Indian insurance market, with their different insurance products. As a result, various insurance schemes are easily available for the Indian.

For an Indian, life Insurance policies come in many different forms. The most common types include: term life policies, endowment policies, joint life policies, whole life policies, unit-linked insurance plans, loan cover term assurance policies, group insurance policies, pension plans and annuities. Insurance sector have characteristic that 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 Life Insurance Corporation came into existence on 1st September 1956 through the amalgamation of 154 Indian insurance

companies, 16 non-Indian companies and 75 provident. The Insurance Regulatory Development Authority (IRDA) is the regulator for the Insurance industry.

The amalgamation was achieved with the help of Life Insurance Act passed by the Parliament on the 19th of June 1956. In the year 1956, LIC had 5 zone offices, 33 divisional offices and 212 branch offices, apart from its corporate office in the year 1956. As a result of re-organization servicing functions were transferred to the branches, and branches were made accounting units. From its creation, the LIC of India which commanded a monopoly of soliciting and selling life insurance in India, created huge surpluses & by 2006 was contributing around 7% of India's GDP.

The corporation which started its business with around 300 offices, 5.7 million policies & a corpus of INR 45.9 crores (US \$ 92 million as per the 1959 exchange rate of roughly Rs. 5 for US \$ 1) had grown to 25,000 servicing around 350 million policies and corpus of over Rs.800,000 crore (US \$ 120 billion) by the end of 20th century driven by a surge in sale of its single premium policy & falling interest rates, LIC has registered a 27.22% growth in 1st yr. Premium (FYP) in FY 17.

Total FYP rose to Rs.1, 24,396.27 crore in FY 17 from Rs.97, 777, 47 crore in the previous year. It resulted in the insurance giant increasing its market share to 71.07% from the last yr's 70.61%, the state –Run Corporation said in a statement. . LIC's market share in terms of no. of policies stood at 76.09% up from 74.72% last year. It sold over 20 million new policies in financial year 2017. It has sold 2.01 crore policies during the fiscal 2017, down from 2.05 crore in the previous financial year. The total assets is Rs.2, 170,807.85 crore (US \$ 340 billion in 2016) and total no. of employees are 114773 till the march 2016.

Today LIC functions with 2048 fully computerized branch offices, 113 divisional offices, 8 zone offices, 1381 satellite offices and the corporate offices. LIC's Wide Area Network covers 113 divisional offices and connects all the branches through a Metro Area Network. It also has 54 customer zones and 25 metro-area service hubs located in different cities and towns of India. LIC has tied up with some Banks and Services providers to offer on-line premium collection facility in selected cities. LIC has extended its activities in various countries with the objectives of catering to the insurance needs of Non Resident Indians.

It is point worth noting that in May 2011, LIC invested nearly Rs 5 thousand crore in Indian stock market. Currently the rules stipulated that LIC invests minimum 50% of their investment portfolio in govt. Securities. But now few unit linked plans of LIC are allowed to invest in equity with limit extending till 80%. This remarkable change in policy by LIC, to invest more in stock market is very good.

## II. OBJECTIVES OF PAPER

To know and describe the level of Client Satisfaction about life insurance corporation of India

## III. RESEARCH METHODOLOGY

**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 customer of life insurance corporation of India.

**Sampling Design:** It is a definite plan for obtaining a sample from a decided population. The decided population is the clients of life insurance Corporation of India, who's already purchased the various Products of life insurance Corporation of India.

**Place of Study:** This study was conducted in the different states like, Bihar, Jharkhand & Utter Pradesh.

**Sample unit:** The sample unit was collected from the clients of LIC of India from different branch offices of Bihar, Jharkhand & Utter Pradesh.

**Data collection:** The primary data was collected by the researcher through the questionnaire method and secondary data from offices of LIC of India, journals, website etc.

## IV. DATA ANALYSIS AND INTERPRETATION

**Table-1: Distribution on the basis of Age Group of Respondents**

Age Group	No. of Respondents	% of Respondents
25-35	66	33%
36-45	100	50%
46-60	24	12%
Above 60	10	5%
<b>Total</b>	<b>200</b>	<b>100%</b>

**Sources: Primary Data**

The table 1 shows that 50% life insurance policies are popular among the 36 to 45 years of age group and less popular among those who have completed the age of 60 years .and the second large group is 25 to 35 years of age. It means after 50 yrs. of age the respondents are taking less interest to purchase the life insurance policies.

**Table-2: Distribution on the basis of Gender of Respondents**

Gender	No. of Respondents	% of Respondents
Male	160	80%
Female	40	20%
<b>Total</b>	<b>200</b>	<b>100%</b>

**Sources: Primary Data**

This table reveals that 160 out of 200 respondents are from male category and only 40 from female category. It means that still now male are the decider regarding purchasing of insurance policies and take the benefits of the same.

**Table-3: Distribution on the basis of Occupation of Respondents**

Occupation	No. of Respondents	% of Respondents
Govt Employee	36	18%
Pvt. Employee	86	43%
Self Employee	66	33%
Household	12	6%
<b>Total</b>	<b>200</b>	<b>100%</b>

**Sources: Primary Data**

According to this table, we can say that the maximum ie, 43 % life insurance policies are purchased by private employee, second largest no. from self employees and third largest no. is of govt. Employee, where as only 6% policies purchased by household. It means pvt. & self employees are more aware about safety, risks, investments, tax benefits etc. in comparison to govt. & self-employee.

**Table-4: Distribution on the basis of Monthly Income of Respondents**

Monthly Income	No. of Respondents	% of Respondents
Up to 10,000	30	15%
11,000-25,000	70	35%
26,000-50,000	74	37%
50,000 & above	26	13%
<b>Total</b>	<b>200</b>	<b>100%</b>

**Sources: Primary Data**

The table no. 4 shows that the maximum ratio of respondents from 26,000-50,000 per month of income group and minimum 13% whose income is 50,000 & above The main reasons can be tax benefit, to get bonus, risk benefit etc.

**Table 5: Distribution on the basis of Policies purchased by Respondents**

Policies Purchased	No. of Respondents	% of Respondents
Endowment Plus	20	10%
Pension Plus	07	3.5%

Jeevan Sathi	20	10%
Money Back	45	22.5%
Children Policy	20	10%
Bima Kiran	14	7%
Money Plus	14	7%
Jeevan Anand	30	15%
Market plus	7	3.5%
Jeevan Saral	11	5.5%
Komal Jeevan	7	3.5%
Jeevan Chhaya	5	2.5%
<b>Total</b>	<b>200</b>	<b>100%</b>

Sources: Primary Data

This table shows that money back policy is more popular among the policies holders in comparison to other policies provided by LIC of India It means policy holders taking more benefits to other policies of LIC of India.

**Table-6: Distribution on the basis of Products of LIC of India**

Products	No. of Respondents	% of Respondents
Insurance Plan	148	74%
Term Assurance Plan	10	05%
Whole Life Plan	06	03%
ULIP	20	10%
Pension Plan	16	08%
<b>Total</b>	<b>200</b>	<b>100%</b>

Sources: Primary Data

According to this table 74% respondents have accepted the Insurance plan and other products like whole life plan, Term assurance plan, pension plan etc are not more attractive

**Table-7: Distribution on the basis of Parameter Inspired for the Respondents**

Parameters	No. of Respondents	% of Respondents
Reliable	110	55%
Attractive Dividends	028	14%
Higher return on maturity	038	19%
Better services of agents	024	12%
<b>Total</b>	<b>200</b>	<b>100%</b>

Sources: Primary Data

According to this data, we can say that reliability is the major factor for the success of life insurance organisations, other factors like, dividend, return on investment, etc are the secondary factors for the clients. LIC of India is the more reliable organisation to the other life insurance services providers, because it is fully regulate & guided by the government.

**Table-8: Distribution on the basis of Mode of Payments of Respondents**

Mode of payments	No. of Respondents	% of Respondents
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Online Payments	036	018%
Through Agents	118	059%
Physically Payments	046	023%
<b>Total</b>	<b>200</b>	<b>100%</b>

Sources: Primary Data

The Table 8 reveals that still now agents are doing vital role regarding selling of the life insurance policies in India. Because the data shows that 118 out of 200 respondents deposited their premium through the agents where as online payment is the last option for the clients.

**Table-9: Distribution on the basis of Period of Premium Preferred by Respondents**

Periods	No. of Respondents	% of Respondents
Yearly	58	029%
Half Yearly	22	011%
Quarterly	09	04.5%
Monthly	111	055.5%
<b>Total</b>	<b>200</b>	<b>100%</b>

Sources: Primary Data

According to this table we can say that maximum no. of respondents preferred monthly payment, yearly is the second preference, half yearly is the third and quarterly is the last option about their premium deposited.

**Table-10: Distribution on the Basis of Purposes of Purchase of Policies**

Purposes	No. of Respondents	% of Respondents
Taxes Saver	38	19%
Protection & Saving	120	60%
To Bonus	10	05%
To Loans	32	16%
<b>Total</b>	<b>200</b>	<b>100%</b>

Sources: Primary Data

This data shows that protection & saving are the major factors regarding purchasing of the life insurance policies in India, where as tax benefits, loans and bonus are the least factors for the respondents.

**Table-11: Distribution on the Basis of Satisfaction Level of Respondents about the Policies**

Satisfaction Level	No. of Respondents	% of Respondents
Fully Satisfied	170	85%
Partially Satisfied	26	13%
Not Satisfied	04	02%
<b>Total</b>	<b>200</b>	<b>100%</b>

Sources: Primary Data

According to this data 85% respondents are fully satisfied, 13% respondents are partially satisfied, and only 2% respondents are not satisfied with their policies.

**Table-12: Distribution on the basis of Satisfaction Level of Respondents about Services provided by LIC of India**

Satisfaction Level	No. of Respondents	% of Respondents
Fully Satisfied	160	84%
Partially Satisfied	24	10%
Not Satisfied	16	06%
<b>Total</b>	<b>200</b>	<b>100%</b>

**Sources:** Primary Data

This table reveals that 84% respondents are fully satisfied, 10% are partially satisfied, and only 6% respondents are not satisfied with the services of LIC of India.

#### **Concluding Remarks:**

From the analysis of the above tables, following concluding remarks can be presented:

1. 50% life insurance policies are popular among the 36 to 45 years of age group and least popular among those who have completed the age of 60 years, so, the LIC of India should issue attractive policies to attract maximum no. of clients for this age group.
2. Maximum respondents are from male category and only 20% from female category. This figure is due to earning and decider member of the purchasing of the life insurance policies so, to cover maximum female segment, LIC of India should provide attractive benefits to this segment.
3. The maximum i.e, 43 % life insurance policies are purchased by private employee's, second largest no. from self employees and third largest no. is of govt. employees where as only 6% policies purchased by household. It means pvt. & self employees are more aware about safety, risks, investments, tax benefits etc. in comparison to govt. & self employee. This figure says that household can have problems of money, so LIC of India should issue the policies for this group at minimum rate.
4. Maximum ratio of respondents from 26,000-50,000 per month of income group and minimum of 13% whose income is 50,000 & above. In this situation LIC of India should issue attractive plan like, pension to cover this segment.
5. Money back policy is more popular among the policies holders in comparison to other policies provided by LIC of India It means policy holders are feeling more comfortable about money back policy, in this situation other policies should be developed, so that maximum no. of clients can be attracted.
6. Maximum no. of policies holders (74%) have accepted the Insurance plan, where as ULIP & pension plan are second & third choice, other products like whole life plan, Term assurance plan, pension plan etc are accepted by few respondents, so there need of improvement of these plans.
7. Reliability is the major factor for the success of life insurance organisations. Other factors like, dividend, return on investment, etc are the secondary factors for the clients, but dividend, return etc. can be major factors also if LIC of India provides expected dividends & bonus to its clients.
8. Still now agents are doing vital role regarding selling of the life insurance policies in India. Because 118 out of 200 respondents deposited their premium through the agents where as online payment is the least option for the clients. To be the online effective LIC of India should provide special benefits to its clients.
9. Protection & saving are the major factors regarding purchasing of the life insurance policies in India, where as tax benefits, loans and bonus are the least factors for the respondents. The LIC of India can make these major factors after providing maximum benefits about tax, loans, bonus etc.
10. 85% respondents are fully satisfied 13% respondents are partially satisfied, and only 2% respondents are not satisfies with their policies, so still now there is need of improvement in the policies.
11. Data shows that 84% respondents are fully satisfied, 10% are partially satisfied, and only 6% respondents are not satisfied with the services of LIC of India, so to satisfy 100% there must be improve its qualities .of services.

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