

# A STUDY ON PERCEPTIONS AND SATISFACTORY LEVEL OF LIC HOLDERS TOWARDS VARIOUS LIC POLICIES-A STUDY AT ULIKKAL GRAMAPANCHAYATH

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## **ABSTRACT:**

In today's society the insurance sector has gone through a number of phases by allowing private companies solicit insurance. The LIC had monopoly till the late 90s when the insurance sector was reopened to the private sector. This makes stiff completion to the insurance sector. The success of the life insurance business depends on the awareness of the policy holders about the products and satisfaction level of the policy holders regarding the service rendered by LIC of India. This study focused on the "perceptions and satisfactory level of LIC holders towards various LIC policies.

## **KEYWORDS**

Insurance, Premium, Endowment, Perception, Grievances

## **1.1 INTRODUCTION**

Life insurance is actually an agreement between insured and the insurer in which the policy holder accept to pay regular premium to the insurer. In turn, the insurer guarantees monetary protection to the insured in case of any accident or mishaps. If the insured dies in accident, financial help is provided to his family members. Thus life insurance is necessary as it provides protections to not only you but also to your family in case of any unwanted disaster.

In thriving insurance sector is very important to every modes of economy. Firstly because it encourages the habit of saving, secondly because it provides a safety net to rural and urban enterprises and productive individuals. And perhaps most importantly it generates long-term invisible funds for infrastructure building. The nature of the insurance business is such that the cash inflow of insurance companies is constant while the payout is deferred and contingency related. The characteristic features of their business makes insurance companies the biggest investors in long-gestation infrastructure development projects in all developed and aspiring nation. This is the most compelling reason why private sector (and foreign) companies, which will spread the insurance habit in the societal and consumer interest are urgently required in this vital sector of

the economy. Opening up of insurance to private sector including foreign participation has resulted into various opportunities and challenges in India.

The LIC of India is the largest state owned life insurance company in India and also the country's largest investor. It is fully owned by the government of India. It also funds Indian government funds expenses up to the close of 24.6%. It has assets eliminated of Rs13.25 trillion (US\$ 291.5 billion). It was founded in 1956. It has its head quarters in Mumbai, the financial and commercial capital of India. The slogan of LIC is 'Yogakshemam Vahamayam' i.e., your welfare is our responsibility.

## 1.2 REVIEW OF LITERATURE

- 1) Agarwala (1961) in his historical and analytical study entitled "The Growth of LIC in India" pointed out that in the developing countries life insurance is expanding phenomenon. Before the nationalization of LIC.
- 2) Desai (1973) in his study entitled "Life insurance in India- its history dimensions of growth" stated that the origin and development of the life insurance in India over the years has wide spread mindedness in insurance and the significant sales through service initiatives, executive efficiency economy and promptness and spreading the benefits of life insurance to vast section of the rural population and industrial workers throughout the country could achieve a formidable growth in LIC.
- 3) Ray (1987) in his study on "Life insurance lightens the hope of the people" emphasized that the idea of insurance has gained momentum due to the growth and increasing uncertainties of human lives in the society and also reported that the rural career agent schemes Jana Raksha Policy for the rural masses had made steady progress in highlighting the idea of insurance in rural areas.
- 4) Dr Casta (2000) in his special "LIC may achieve higher growth rate after the industry is thrown open to private sector" indicates that LIC has been taking several steps to repair itself well far the competitive scenario ever since the proposal of throwing open of the insurance industry was mated. Thrust areas such as gradation of technology, market research and training and human resource development were identified and acted upon. He suggests that as recommended by the Malhothra committee, urban career agency system should be upgraded claims procedures must be liberalized for easier quicker settlement of death claims.
- 5) Jampala and Rao (2000), in their study on distribution channels of LIC, concluded that in this era of reforms a number of intermediaries or distribution channels have emerged. Despite the emergence of new distribution channels such as corporate agents, brokers and referrals the LIC could not make sufficient business from these channels. In fact of the total business of LIC in the year 2004-05, the newly emerged distribution channels contribution channels contributed a meager 1.12 percent. But private players who got business through these new channels in 2004-05 were 40.70percent.
- 6) Devasenathipathi et.al. (2007) compared and related all the life insurance companies, measured the customer perception, purchase behavior, consumer awareness regarding life insurance industry and also

studied the privatization, policy awareness and life coverage awareness among the consumers. The data has been collected through a questionnaire filled from 500 customers residing in Chennai. The study conducted that the entry of private players brought better service, quicker settlement, greater awareness and mere choice.

### 1.3 SCOPE OF THE STUDY

The scope of the study is limited to Ulikkal Grama Panchayath, Kannur District and respondents are from this area.

### 1.4 OBJECTIVE OF THE STUDY

1. To understand the perceptions of the LIC holders towards various LIC policies.
2. To understand the satisfactory level of LIC holders towards various LIC policies.
3. To know the problems faced by the LIC holders.
4. To know the awareness level of LIC holders about various services provided by LIC.

### 1.5 METHODOLOGY OF THE STUDY

The present study “Perceptions and satisfactory level of LIC holders towards various LIC policies” has been designed as an analytical and descriptive one. Primary data was collected from LIC policy holders in Ulikkal Grama Panchayath by using questionnaire. Secondary data was collected from various journals and books. Convenient sampling technique has been chosen for choosing 50 respondents.

### 1.6 DATA ANALYSIS AND INTERPRETATION

#### 1. SATISFACTION OF SERVICES OF LIC

The survey result reveals that most of the respondents i.e. 88 percent of the respondents are satisfied with the services rendered by the LIC of India while only 12 percent of the respondents are not satisfied with the services provided by the LIC of India.

**TABLE 1.1**

**SATISFACTION OF SERVICES OF LIC**

Choice	Number of respondents	Percentage
Yes	44	88
No	6	12
<b>Total</b>	<b>50</b>	<b>100</b>

#### **MOST PREFERABLE REASONS FOR INSURING WITH LIC**

The analysis of the study result reveals that the most preferable reason for insuring with LIC is company profile. The survey results are shown in Table 1.2

TABLE 1.2

## MOST PREFERABLE REASONS FOR INSURING WITH LIC

Types	Number of respondents					Total mark	Average
	I	II	III	IV	V		
Company profile	16	12	11	6	5	178	3.56
Brand	12	10	12	8	8	160	3.2
Grievances handling	9	11	10	12	8	151	3.02
Undue delay in claims	3	9	12	12	14	125	2.5
Public sector	10	8	5	12	15	136	2.72
<b>Total</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>		

Source: Field Survey

## 3 MOST PREFER SCHEME OF LIC

The analysis of the study result reveals that most preferable scheme of LIC is money back policy.

TABLE 1.3

## MOST PREFERABLE SCHEME OF LIC

Types	Number of respondents						Total mark	Average
	I	II	III	IV	V	VII		
Whole life	6	12	10	5	6	7	194	3.88
Endowment plus	7	10	12	8	6	7	183	3.66
Money back	13	12	9	6	5	5	207	4.14
Pension fund	12	7	11	13	4	3	201	4.02
ULIP	6	6	7	8	14	9	155	3.1
Others	2	3	1	10	15	19	110	2.2
<b>Total</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>		

Source: Field Survey

## 4. OPINION ABOUT COMPLEX FORMALITIES

The survey result shows that 56 percent respondents not have any complexity in formalities of taking LIC while 44 percent of respondents have complexity in taking LIC.

TABLE 1.4

## OPINION ABOUT COMPLEX FORMALITIES

Choice	Number of respondents	Percentage
Yes	22	44
No	28	56
<b>Total</b>	<b>50</b>	<b>100</b>

**5 . SATISFACTION OF GRIEVANCE REDRESSAL MECHANISM**

The study of the survey result about the satisfaction of the grievance redressal mechanism among policy holders reveals that 56 percent of the respondents are satisfactory and 32 percent of the respondents are highly satisfactory while 12 percent of the respondents are average satisfied.

$$\text{Mean} = 218/50 = 4.2$$

By taking the respondents as a whole the respondents are satisfied. Because the mean value is above 3.

**TABLE 1.5****SATISFACTION OF GRIEVANCE REDRESSAL MECHANISM**

Choice	Number of respondents	Percentage
Highly satisfactory	16	32
Satisfactory	28	56
Average	6	12
Dissatisfactory	-	-
Highly dissatisfactory	-	-
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Field Survey

**6. DELAY IN CLAIMS SETTLEMENT PROCESS**

The study about the survey result of delay in claims settlement process reveals that 58 percent respondents does not have any delay in claims settlement process while 42 percent respondents have delay in claims settlement process.

**TABLE 1.6****DELAY IN CLAIMS SETTLEMENT PROCESS**

Choice	Number of respondents	Percentage
Yes	21	42
No	29	58
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Field Survey

**7. OVERALL PERCEPTION ABOUT LIC OF INDIA**

The study result reveals that 96 percent respondents have positive perception about LIC of India while only 4 percent of the respondents have negative perception about LIC of India.

**TABLE 1.7****OVERALL PERCEPTION ABOUT LIC OF INDIA**

Choice	Number of Respondents	Percentage
Positive	48	96
Negative	2	4
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Field Survey

## FINDINGS

1. The survey result reveals that 88 percent respondents are satisfied with the services rendered by LIC of India.
2. The most preferable reason for insuring with LIC is company profile by the respondents.
3. The most preferable scheme of LIC is money back policy by the LIC holders.
4. The survey result reveals that most of the people do not have any complex formalities in taking LIC. That is 56 percent.
5. The study reveals that most of the people are satisfied with the grievance redressal mechanism. Because the mean value is 4.2, which is above 3.
6. The study result reveals that 58 percent of the respondents do not have any delay in claims settlement process.
7. The study result reveals that 96 percent of the respondents have positive perception about LIC of India.

## SUGGESTIONS

1. Various schemes which are beneficial to the policy holders have to be introduced continuously.
2. A considerable section of the policy holders are unaware about the new schemes of LIC. So steps should be taken to popularize the LIC schemes.
3. Introduction of new schemes for the youth will help to improve the performance of LIC because youth are interested in savings schemes and investments.
4. Conducting of campaigns in villages about new schemes of LIC will help to make them more aware about different policies.

## CONCLUSION

Every individual faces innumerable roles connected with their life and most individuals are attached in escaping the injurious consequences of such risk. The study “PERCEPTIONS AND SATISFACTORY LEVEL OF LIC HOLDERS TOWARDS VARIOUS LIC POLICIES –A STUDY AT ULIKAL GRAMA PANCHAYATH” is an attempt to identify and understand awareness and satisfaction of policy holders about life insurance and role of insurance in their life. The study reveals that even though, many policy holders are aware of these benefits and other developments taking place in the area of insurance, some of them are still ignorant of such matters. The main factor that attracts people towards insurance is its feature of risk coverage. The advantage of policy holder is peace of mind, in knowing that death of the insured person will not result in financial hardship for loved ones. Since the Private Insurance

Companies are offering better services to their customers, LIC should introduce modern products and schemes to their policy holders in order to become more competitive.

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