



PERCEPTION OF POLICYHOLDERS RELATED TO LIC AND SELECT PRIVATE LIFE INSURERS: A COMPARATIVE STUDY IN JORHAT DISTRICT OF ASSAM

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ABSTRACT

The impact of privatization in risk business in India has shown its impact on transformation from the state of monopoly to mushrooming companies offering innovative products to the Indians. The growth in the life insurance sector has shown new heights and the functioning of private companies has given tough challenge to Life Insurance Corporation of India. Within a short span of time, private insurance companies have acquired more than 25% of the life insurance market. Many changes have taken place in the processes and procedures of insurance business in terms of its format and products as well the mindset, motives, interests and expectations on the part of customers also. The customers have become more vigilant, calculative and calibrated not only in terms of risk coverage but look forward for safety of investments and higher rate of returns on the savings. Hence, an attempt is being made in the proposed study to compare customers' perceptions towards LIC and selected private life insurers with regard to life insurance products, communication system practiced, convenience to acquire the policies. However, at the end of the study it has been found that the perception of people related to LIC, SBI Life and ICICI is positive whereas perception of people related to Kotak Mahindra, Bajaj Allianz, HDFC is negative.

KEYWORDS : Perception, privatization ,communication ,convenience.

INTRODUCTION:

A major role played by the insurance sector is to mobilize national savings and channelize them into investments in different sectors of the economy. However, no significant change seems to have occurred as far as savings by the insurance sector is concerned, following the liberalization of the insurance sector in 1999. Data from the RBI show that the trend of the savings in life insurance by the households to GDP ratio, while showing a clear upward trend through the 1990s signifying increasing business for the insurance sector, does not show any structural break after 1999.¹ At present, the Life Insurance Corporation of India is the sole public sector life insurance company and 24 insurers are operating privately in India.. Customers are the main pillars of life insurance business. Every company tries to attract and retain existing customers to keep their profits high. The proper understanding of customers, their needs and expectations help insurance providers to bring improvement in product as well as services offered. In today's cut-throat competition, it becomes essential for life insurers to provide better customer services, spread more awareness , emphasis on need based innovative products and reasonable price. So, that every individual may avail the benefits of insurance and protect their lives against future uncertainties.

PERCEPTION: The general meaning of perception is a belief or an opinion, often held by many people and based on how things seem. Perception plays an important role in the life of the consumer. Our environment including business environment is littered with numerous stimuli trying to attract our attention. The quality of our perception depends on the way we process and interpret the stimuli or the information reaching our senses. Perception is the process by which an individual select, organizes and interpret information inputs to create meaningful picture of the world. When we interpret a situation or events we are then in position to respond (Kotler,1997).

CUSTOMERS' PERCEPTION:

Customers' perception refers to the process by which a customer selects, organizes and interprets information to create a meaningful picture of a particular thing. Customers' perception refers to how customers view a certain matter based on their conclusions. These conclusions are derived from a number of factors such as price and overall experience. When it comes to influencing customers to purchase the policies of a particular life insurance company, their perception of the company is taken into account. This perception may vary based on the customer or certain demographics of customer. Customers' perception can be developed from a variety of factors, such as their own personal experience or how they have

heard other people experience the product. The need for studying perception is simply because customers' behaviour is based on their perception of what reality is, not a reality itself. The world as it is perceived is the world that is behaviourally important.

STATEMENT OF THE PROBLEM:

With the outset of liberalization, the Indian life insurance industry has gone through a huge change both in the number of players and their business figures. The first few years have seen tremendous growth for almost all the companies. But with the global financial meltdown, the chinks in the armour have become exposed. Customers are the main pillars of life insurance business. Every company tries to attract and retain existing customers to keep their profits high. The proper understanding of customers, their needs and expectations help insurance providers to bring improvement in product as well as services offered. In today's cut-throat competition, it becomes essential for life insurers to provide better customer services, spread more awareness , emphasis on need based innovative products and reasonable price. So, that every individual may avail the benefits of insurance and protect their lives against future uncertainties.

REVIEW OF LITERATURE:

Shobha² (2014) evinced that the life insurance industry in India is one of the hard-core parts of the service sector. After opening up of the insurance sector to the private players, the GDP from life insurance and its penetration have increased, which reveal that the insurable population is more and there would be more opportunities for any new entrant. There is no significant relationship among the acceptance level of the respondents belong to different genders, age groups, occupations and income groups towards perceived service quality in LIC of India. The policyholders state that the LIC of India has not been able to provide quick service. A long delay in making available the services to the policyholders may erode the credibility and goodwill as well as policyholders' confidence.

Ahmed³ (2013) examined that in spite of awareness about insurance in India, rural India still lacks in terms of availability of various financial products especially the risk products like insurance. This study examines the present state of affairs of rural life insurance in India and attempts to explore the issues and challenges which led to poor penetration of rural life insurance markets. The study also summarize the rural insurance marketing practices by life insurance players in India and offers suggestive remarks for capturing the rural potential and lastly this study discuss about

micro-insurance and its challenges in short details which is an opportunity as well as a responsibility.

Dhanasekaran⁴ (2013) stated that the Indian insurance sector has changed rapidly ever since the market opened several years ago. The entry of Private Life Insurance with long experience of selling to discerning customers around the world has brought about new, modern products and service. This has resulted in a shaper growth in the Life Insurance market, which still has huge un-tapped potential. These new breed of private Life Insurance Companies are taking away the market share from LIC, a monopoly of early years.

Mushtaq⁵ (2013) determined that defines the effect of services provided by the insurers and its role in building customer attitude. Every business these days of cut throat competition need to focus on their customer to maintain themselves in the market. Moreover their competence depends more on the attribute that how they treat their customers their needs, demands and attitudes. This study tried to analyze the attitudes of the customers regarding the services especially after sale services provided by their insurers and also tries to give results accordingly.

Nagarajan⁶ (2013) elucidated that Indian Insurance Industry recorded several milestones in the past hundred years. A descriptive study was conducted on Unit-Linked Insurance Plans (ULIP) by selecting top five Private Insurance Companies in India. The performances of all the products were tested for their dependency on the performance of stock market using the Hypothesis. From the study it can be concluded that, Reliance Life has good returns for the Investors, and can be further improved.

Natarajan⁷ (2013) stated that the globalization and technology improvements have forced the companies into tough competition. The ability to identify profitable customers and then customize marketing on the basis of customer value has enabled many companies to punch above their credence in today's competitive environment. While getting customers is fundamental to business success, retaining customers is more important.

RESEARCH GAP:

After reviewing various literatures related to customers' perception towards LIC and private life insurers, the following areas are found to be uncovered on which further research can be carried on:

- 1) The specific factors which influences a person to prefer the services of LIC and private life insurers.
- 2) The level of difference in the perception of customers' and the service they received from the insurers.
- 3) Further in Indian context, there is very negligible amount of research regarding the use of 4C's of marketing mix in influencing the perception of customers'.

OBJECTIVES OF THE STUDY:

The objectives of the study are as under:

1. To compare the policyholders' perception towards Life Insurance products of LIC and selected private life insurers in

Jorhat district of Assam

2. To compare the policyholders' perception towards communication system practiced by LIC and selected private life insurers in Jorhat district of Assam
3. To compare the policyholders' perception towards convenience to acquire the policies of LIC and selected private life insurers in Jorhat district of Assam

LIMITATIONS OF THE STUDY:

- i) Sampling techniques and tools which will be undertaken for the study has their own limitations which may be considered as the limitation of the study as well.
- ii) The study will be limited to Jorhat district only.
- iii) The chances of biasness in selecting sample for the proposed study will not be completely eliminated.
- iv) The information will be gathered from the respondents; therefore it is possible that information supplied may be biased because the customer might have shown partiality towards the organization whose policy they are holding.

DATA SOURCE AND METHODOLOGY:

1. **DATA SOURCE:** The proposed study will be based on both primary and secondary data. Primary data will be collected from the respondents directly by preparing a questionnaire. Secondary Data will be collected from the LIC Divisional Office, Jorhat division, Annual Reports, Insurance journals, IRDA Reports etc. and various websites of LIC, ICICI Prudential Life Insurance, HDFC Life Insurance, SBI Life Insurance, Max- New York Life Insurance, Bajaj Allianz.
2. **METHODOLOGY:** The present study is descriptive as well as analytical in nature. Descriptive research is used to establish accurate description of variables relevant to the decision being taken without demonstrating the existence of relationship between variables. The purpose of this design is to give an accurate picture of some aspect of the marketing environment, in other words, descriptive design describes the phenomenon without establishing the association amongst the various factors.
 - a) **AREA OF STUDY:** The area undertaken for the proposed study is the Jorhat district, where policyholders of all branches of LIC and selected branches of private sectors like ICICI Prudential Life Insurance, HDFC Life Insurance, SBI Life Insurance, Kotak Mahindra Life Insurance, Bajaj Allianz will be covered.
 - b) **POPULATION:** It would include all the policyholders of the branches of LIC under Jorhat district along with the branches of the selected private life insurers of this district.
 - c) **SIZE:** The sample for the study is 100. 50 respondents are taken from LIC and 10 respondents are taken from each private life insurance company which includes SBI Life Insurance, Kotak Mahindra Life Insurance, ICICI Prudential Life Insurance, Bajaj Allianz and HDFC Life Insurance.

ANALYSIS AND INTERPRETATION:

The number of questionnaires undertaken for the study is 100

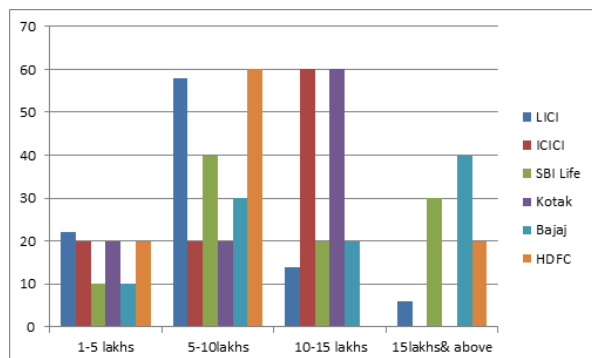
Table No.- 1 Gender wise distribution of customers

Sl. No.	Gender	No. of customers						Percentage					
		LIC	ICICI	SBI Life	Kotak	Bajaj Allianz	HDFC	LIC	ICICI	SBI Life	Kotak	Bajaj Allianz	HDFC
1	Male	27	7	4	8	9	7	54	70	40	80	90	70
2	Female	23	3	6	2	1	3	46	30	60	20	10	30
Total		50	10	10	10	10	10	100	100	100	100	100	100

Table No.- 2 Age of the respondents-

Age of respondents	No. of customers						Percentage					
	LIC	SBI Life	ICICI	Kotak	Bajaj	HDFC	LIC	SBI Life	ICICI	Kotak	Bajaj	HDFC
Below 30 years	11	2	1	3	1	5	22	20	10	30	10	50
31-40 years	26	4	5	2	4	3	52	40	50	20	40	30
41-50 years	10	3	2	5	4	0	20	30	20	50	40	0
51-60 years	3	1	2	0	1	2	6	10	20	0	10	20
Total	50	10	10	10	10	10	100	100	100	100	100	100

Annual Income	No. of customers						Percentage					
	LICI	ICICI	SBI Life	Kotak	Bajaj	HDFC	LICI	ICICI	SBI Life	Kotak	Bajaj	HDFC
1-5 lakhs	11	2	1	2	1	2	22	20	10	20	10	20
5-10 lakhs	29	2	4	2	3	6	58	20	40	20	30	60
10-15 lakhs	7	6	2	6	2	0	14	60	20	60	20	0
15 lakhs & above	3	0	3	0	4	2	6	0	30	0	40	20
TOTAL	50	10	10	10	10	10	100	100	100	100	100	100



IV. DESCRIPTIVE STATISTICS

Sl. No.	Descriptive Study	Percentage of respondents				
		SDA	DA	N	AG	SAG
1	The insurance company provides flexible products/new products that meet customers needs.	2	4	14	22	58
2	The details of the policy you have bought is known to you.	0	5	21	48	26
3	The insurance company provides information/details about service innovation on a regular basis through post, telephone, bank etc.	0	0	6	20	63
4	The insurance company provides customer feedback card system for their level of satisfaction with the services of the insurer.	18	27	39	16	0
5	The agents and employees have the proper knowledge and competence to answer customer's specific queries and requests.	11	17	44	20	8
6	The insurance company provides promised services as per the set schedule.	0	10	22	27	41
7	The insurance company provides attractive and informative media, theme layout and language of the advertisement.	6	13	18	23	40
8	The insurance company has enhancement of technological capability(e.g. computerisation, networking of operation etc) to serve customers more effectively.	0	6	18	35	41
9	The formalities involved are complex in nature.	0	11	28	24	37
10	There is delay in claim settlement process.	11	19	51	12	7
11	The premium paid is too low and lucrative.	7	14	19	39	21
12	The rate of return on insurance products as compared to the other saving instruments (fixed deposits in banks, NSC's) is higher.	59	28	13	0	0

13	The penalty charged for late premium payments is reasonable.	43	18	29	8	2
14	The insurance company emphasizes high quality service than the volume of sales.	0	5	13	27	55
15	The insurance company provides timely revival of lapsed policies, change of nominations, addresses and mode of premium payment.	1	3	13	24	59

CONCLUSION: The study observed that insurance industry is highly competitive one. In the Indian market insurance is one of the emerging sectors, many private companies are entering into this sector for earning profit as well as to provide services to customers, who are living in the rural and urban areas and many other institutions are entering into the field with innovative services. Both LICI and the private life insurance companies play a remarkable role in the development of the major determinants in influencing the policyholder to take the policy. It is observed that among the policyholders with different age groups, the younger groups have a positive attitude with the insurance plans than elders. It is evident from the study that majority of the policyholders were satisfied with the policies and preferred new innovative marketing insurance plans and policies at different times.

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