A STUDY ON THE POLICYHOLDERS SATISFACTION IN TERM INSURANCE POLICIES IN LIFE INSURANCE CORPORATION OF INDIA – A STUDY WITH REFERENCE TO KARAIKUDI TOWN

Dr.k.kasiviswanathan	Assistant Professor, Dept. of Commrce Sree Sevugan Annamalai College, Devakottai
Dr.M.alagesan*	Assistant Professor, Dept. of Commrce Sree Sevugan Annamalai College, Devakottai *Corresponding Author
Dr.K.banupriya	Assistant Professor, Dept. of Business Administration Ananda College, Devakottai

ABSTRACT Human life is a most important asset and life insurance is the most important type of insurance which provides financial protection to a person and his family at the time of uncertain risks or damage. LIC of India plays a vital role in the welfare of human well-being by providing insurance to millions of people against life risks such as uncertain death or accident. The present exploratory and descriptive based study was selected with an objective to identify that satisfaction level of LIC policyholder in the selected area. This study is based on primary data which is collected through questionnaire among 100 policyholders in karaikudi town and data were analyzed with multi variety statistical tools like percentage, ANOVA and factor analyses were used to identify the factors responsible for satisfaction towards LIC. there is no significant mean variation between reasons for select the LIC with their gender. The proportion of total variance explained by all these three factors in the actual data is 76.27 percent

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.

Review of literature

Girish kumar and eldhose (2008), published in insurance chronicle icfai monthly magazine august 2008 in their paper titled "customer perception on life insurance services: a comparative study of public and private sectors", well explained the importance of quality services and its significance in raising customer satisfaction level. A comparative study of public and private sectors help in understanding the customer perception, satisfaction and awareness on various life insurance services.

Narayan. H. Jai (2009), in an article has made an emphasis on importance of customer in the business of insurance. He explained in phase of growing market competition, there is an intense need to go beyond mere efficiency in designing products. To understand the customer's needs and to convey what they have to offer would perhaps bring in higher efficiencies in customer service. Insurance business revolves around the customer and fair treatment to customers is need of an hour to win their loyalty and trust. In a service based organizations, customer service is the most dominating feature that differentiate and gives good return to the insurers. Proper dealing

Need of the Study

The insurance industry is one of the highest growing industries in the country and offers wealth growth opportunity to the life insurers. When compared with the developed foreign countries, the Indian life insurance industry has achieved only a little because of the 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. The huge and ever rising population levels in our country provide an attractive opportunity but still nearly 70% indian lives is un-insured. 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

Objectives of the Study

1. To examine the reasons for choosing the LIC Policies
2. To analyze consumer satisfaction towards life insurance policies.

Hypotheses of the Study

H0 (Null hypothesis) There is no significant mean variation between reasons for select the LIC with their demographic profile of the respondents

H1 (Alternate hypothesis) There significant mean variation between reasons for select the LIC with their demographic profile of the respondents

Result Discussion
Demographic profile of the respondents

Profile of the respondents		Frequency	Percentage
Gender	Male	51	51.0
	Female	49	49.0
Age	Below 25 Years	14	14.0
	25 years to 35 Years	31	31.0
	35 years to 45 years	30	30.0
	Above 45 years	25	25.0
Occupation	Professional	17	17.0
	Business	29	29.0
	Employed	28	28.0
	Others	26	26.0
Education	Graduation	18	18.0
	Post Graduation	22	22.0
	Professional	32	32.0
	Others	28	28.0
Annual Income	Below 100000	20	20.0
	100000 to 200000	25	25.0
	200000 to 300000	16	16.0
	300000 to 400000	18	18.0
	Above 400000	21	21.0

Source: Primary data

The demographic characteristics of the respondents are summarized in table 1. Out of 100 respondents 51 % of the respondents were male and the remaining 49 were female. 14% of policyholders fall under the age group of below 25 years, 31% of policyholders under the age group of 25 years to 35 years, 30% of policy holder 35 years to 45 years followed by 25% of the respondents were above 45 years. 29% of the respondents were business people, 28% of the respondents were employed. 32% of respondents were professional. 20% of the respondents fall under the income group of below Rs.1,00,000, 25% of respondents fall under the income group of Rs.1,00,000 to 2,00,000, 16% of respondents fall under the income group of Rs.2,00,000 to 3,00,000, 18% of respondents fall under the income group of above Rs.3,00,000 – 4,00,000, where remaining 21% of respondents fall under the income group of above Rs.4,00,000.

Table 2 Reasons for select the insurance under LIC

Reasons	Frequency	Percentage
Family Protection	14	14.0
Good Savings	14	14.0
Tax benefits	18	18.0
To meet future expenses	22	22.0
Error free service at the branch	13	13.0
eldest insurance company	19	19.0

Source: Primary data

In this study, out of 100 LIC policyholders 14% of the respondents were select the LIC for Family protection followed by 14% of the respondents were select the LIC for good savings, 18% of the respondents chosen the LIC for tax benefits, 22 % of the respondents were chosen for meet future expenses, 13% of the respondents were select the LIC for Error free service at the branch, 19% of the respondents were select the LIC for eldest insurance company

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. ANOVA test is used to identify the factors that influencing the given data set.

Table 3 One Way Analysis on reasons for choosing LIC towards Their Gender

Reasons					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	.392	1	.392	.140	.709
Within Groups	274.918	98	2.805		
Total	275.310	99			

Source: Compiled from the primary data

The F value is .140 and it is significant at the level of significance .709 at the degrees of freedom 1. 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 reasons for select the LIC with their gender.

Table 4 One Way Analysis on reasons for choosing LIC towards Their occupation

Reasons					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	15.978	3	5.326	1.972	.123
Within Groups	259.332	96	2.701		
Total	275.310	99			

Source: Compiled from the primary data

The F value is 1.972 and it is significant at the level of significance .123 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 reasons for select the LIC with their occupation.

Table 5 One Way Analysis on reasons for choosing LIC towards Their education

Reasons					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	5.623	3	1.874	.667	.574
Within Groups	269.687	96	2.809		
Total	275.310	99			

Source: Compiled from the primary data

The F value is .667 and it is significant at the level of significance .574 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 reasons for select the LIC with their education

Table 6 One Way Analysis on reasons for choosing LIC towards Their Annual Income

Reasons					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	28.582	4	7.146	2.751	.033
Within Groups	246.728	95	2.597		
Total	275.310	99			

Source: Compiled from the primary data

The F value is 2.751 and it is significant at the level of significance .033 at the degrees of freedom 4. In F test if the significant value is less than 0.05 then reject null hypothesis and accept the alternate hypothesis. And this study shows there is significant mean variation between reasons for select the LIC with their annual income.

Table 7 Reliability analysis satisfaction level of policyholder in LIC

Particulars	Cronbach's Alpha if Item Deleted
Quickness in issuing premium receipt	.645
Ready of availability of records	.655
Prompt payment of policy loans	.629
Prompt payment of policy loans	.619
Error free service at the branch	.716
Error free service at the branch	.677
Prompt receipt letters	.657
Prompt receipt letters	.633
Security with high return	.688
Grievance redressed System	.630
Online service portal	.667
Timely issue of premium reminder notice	.657
Guidance of the advisor at the time of selecting the policy	.683
Assistance rendered by the officials in filling up the forms	.629
Cronbach's Alpha if Item Deleted	.674

Source: Compiled from the primary data

The cronbach's alpha value of the satisfaction level of policyholder in LIC is 0.674 which is more than 0.6 it is good range. Hence the reliability of the question is proved.

Factor Analysis of satisfaction level of LIC Policyholders

Table 8 KMO Analysis of satisfaction level of LIC Policyholders

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.633
Bartlett's Test of Sphericity	Approx. Chi-Square	990.284
	Df	91
	Sig.	p < 0.000

Source : Source: Compiled from the primary data

From the above table it can be observed that the KMO measure is 0. 633, in turn indicating that the data set falls within good range. Also, Bartlett's test chi-square is very highly significant ($\chi 2(91) = 990.284$, p < 0.000). Both KMO and Bartlett's test results have clearly revealed that the satisfaction level of policyholder in LIC are both in sample size and inter-item correlations to run the factor analysis

Table 9 Total Variance Explained of satisfaction level of LIC Policyholders

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.081	29.147	29.147	4.081	29.147	29.147	3.692	26.375	26.375
2	2.989	21.347	50.494	2.989	21.347	50.494	2.901	20.723	47.098
3	2.286	16.327	66.821	2.286	16.327	66.821	2.377	16.976	64.074
4	1.324	9.455	76.276	1.324	9.455	76.276	1.708	12.202	76.276
5	.789	5.635	81.911						
6	.624	4.461	86.372						
7	.588	4.198	90.570						
8	.385	2.748	93.318						
9	.279	1.993	95.311						
10	.216	1.545	96.856						
11	.196	1.403	98.258						
12	.100	.715	98.973						
13	.075	.535	99.508						
14	.069	.492	100.000						

Extraction Method: Principal Component Analysis.

Source : Source: Compiled from the primary data

It is revealed that the table there are four factors underlying satisfaction level of the LIC Policyholder with eigenvalue above one. The proportion of total variance explained by all these three factors in the actual data is 76.27 percent.

Table 10 Result analysis of Rotated Component Matrixa of satisfaction level of LIC Policyholders

Factor	Variables description	Rotated loadings	% of variance	Eigen Value
Service	Grievance redressed System	.883	29.147	4.081
	Error free service at the branch	.872		
	Assistance rendered by the officials in filling up the forms	.735		
	Prompt payment of policy loans	.734		
	Timely issue of premium reminder notice	.655		
Guidance	Prompt payment of policy loans	.820	21.347	2.989
	Error free service at the branch	.758		
	Prompt receipt letters	.734		
	Guidance of the advisor at the time of selecting the policy	.732		
Payment	Online service portal	.847	16.327	2.286
	Prompt receipt letters	.815		
	Quickness in issuing premium receipt	.651		
	Ready of availability of records	.598		
Security	Security with high return	.767	9.455	1.324

Source: Source: Compiled from the primary data

The Eigen value of factor 1 is 4.081 with 29.147% of variance. The variable are related to service. Factor 1 has very significant loading on the variable Grievance redressed System (.883) followed by Error free service at the branch (.872), Assistance rendered by the officials in filling up the forms (.735), Prompt payment of policy loans (.734), Timely issue of premium reminder notice (.655). The Eigen value of factor 2 is 2.989 with 21.347% of variance. The variables are related to guidance. Factor 2 has very significant loading on the variable Prompt payment of policy loans (.820), Error free service at the branch (.758), Prompt receipt letters (.734), Guidance of the advisor at the time of selecting the policy (.732). The Eigen value of factor 3 is 2.286 with 16.327% of variance. The variables are related to payment. Factor 3 has very significant loading on the variable Online service portal (.847), Prompt receipt letters(.815), Quickness in issuing premium receipt (.651), Ready of availability of records (.598) The Eigen value of factor 4 is 1.324 with 9.455% of variance. The variable are related to Security.

Major Findings of the Study
1. There is no significant mean variation between reasons for select the LIC with their gender.
2. There is no significant mean variation between reasons for select the LIC with their occupation.
3. There is no significant mean variation between reasons for select the LIC with their education
4. There is significant mean variation between reasons for select the LIC with their annual income.
5. The proportion of total variance explained by all these three factors in the actual data is 76.27 percent.
6. The Eigen value of factor 1 is 4.081 with 29.147% of variance. The variable are related to service
7. The Eigen value of factor 2 is 2.989 with 21.347% of variance. The variables are related to guidance.
8. The Eigen value of factor 3 is 2.286 with 16.327% of variance. The variables are related to payment.
9. The Eigen value of factor 4 is 1.324 with 9.455% of variance. The variable are related to Security.

Conclusion
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. Customers are the real pillar of the success of life insurance business and thus it's important for insurers to keep their policyholders satisfied and retained as long as possible and also get new business out of it by offering need based innovative products.

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