

## SERVICE QUALITY DIMENSIONS TOWARDS LIC POLICY HOLDERS IN KALLAKURICHI TALUK, VILLUPURAM DISTRICT



Commerce

**KEYWORDS:** Risk, Investment, Compensation, Insurance, Premium

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### ABSTRACT

Life insurance is validity of financial service timely recovering the claims whose unexpected off against family protection of loss past and future events. Government of India authorized fully support of financial services various aspects of plan and service quality to become LIC policy holders. Insurance sector is fundamentally growth of service sector offered various benefit of risk and return. Private sector insurance fixing the target claims the maturity value of bonus is laid down not timely service to the insurance policy holders. Public sector insurance promotes the socio- economic emancipation changing survival growth expansion on service quality dimension existing to the life insurance policy holders. Insurance sector provided multi-dimensions of financial service through various aspects of premium, bonus, maturity value, surrender value, of claims policy to customers. Service quality is one of the pathway services to maturity of claims benefited to insured persons recovery the claims given before and after death of insurance policy holders.

### Introduction

Life insurance is one of the most essential parts of service sector which contribute protection against for uncertainty risks in future events. Insurance sector compensation of sum of money assured the insurer agrees to pay a premium on death of the assured upon the expiry of a certain fixed period. Life insurance is multifarious delivery through financial product to policy holders on premium continue to pay whole life time of the guarantee but the policy money becomes only after death insurance company support the claims to the policy holder. Every man has invested more money to starts large scale business sometimes the business may be loss. IRDA have framed several policy financial schemes launched throughout country as well as benefited the human entire life. Government of India was set up in 1999 to change the regulate insurance business in India. Insurance regulatory authority of India provision of the act and any other law for the timing being in force the authority have regulate promote and ensure orderly growth of the insurance and re-insurance of their business. In this regards customer satisfaction of service quality dimensions of life insurance through protection of interest to the policy holder in concerning assigning of policy, nomination by the policy holders, provide insurable interest, settlement of insurance claims, and surrender value of the policy. Insurance sector is one of the effective powerful tools which provide the leading the financial services through various policies towards customer service quality provide unexpected for future events. LIC policy holder have invested the minimum amounts of insured for their own life for uncertainty loss in stipulated period of time or on the happening of the death of policy holder. Insurance regulatory development of authority have framed the lengthy procedure provide cover risks to life insurance claims delay on time management of an insurance policy holders feels that the risks taken is more. The insurance company delay on collection of policy amount along with penalty to compulsory pay the mode of the premium through insurance company.

### Review of Literature

**Hymavathikumari and Beanacilinadorthy (2012)** suggest that Indian economy experienced a major structural change within the industrial sector as a result of the major drive for industrial diversification in the mid-fifties. The pace of transition of the Indian economy from an agricultural economy to an industrial one was quite slow since 1951. This underlines a major structural shift in the Indian economy especially in service sectors and less to the performance of the agricultural sector. Among various service sector activities banking and insurance plays a vital role. The banking sector is a very important sector of the Indian economy.

**Prarthanashahi (2013)** pointed that life Insurance Corporation of India (LIC) is a monolithic company from last few decades. After the

successful implementation of economic reforms in life insurance sector in India, LIC of India has made several positive efforts to triumph the hearts of the people. To achieve that LIC of India have adopted a number of new trends in marketing strategies for introducing innovative technologies. This study is an attempt to know about the recent trends followed by LIC of India in order to make their products available to each and every forthcoming customer in the life insurance market.

**Jyotiagarwal K .K. and Shakula (2014)** noted that though the concept of insurance is quiet old; many households do not understand the concept of insurance. However, insured households do understand the insurance concept better than the uninsured. The study shows that a high proportion of households connect insurance with loss of life. The misconceptions are more prevalent among the uninsured households. With respect to major sources of information on insurance, the study indicates that insurance agents are the major source in both rural and urban areas, playing an important role in influencing the household's decision in favour of insurance.

### Objectives

The present study carries out of following objectives:

1. To analyses service quality dimensions towards LIC policy holders under various policies.
2. To measure recovery of claims and policy cancellation among LIC policy holders in IRDA.
3. To promote the socio-economic growth of LIC policy holders in Kallakurichi Taluk Villupuram District.

### Methodology

The present study is descriptive in nature using both primary data and secondary data. Primary data were collected through interview schedule from the respondents in the study area and secondary data collected through journals, magazines, newspapers, related textbook and various websites used for collected the data with help of analyzed simple percentage, and factor analysis.

### Sampling

The study is based on simple random sampling technique. The researcher has collected the primary data through interview schedule from life insurance policy holder in study areas. In Kallakurichi there are divided into two stratum as 75 respondents from urban and 75 respondents from rural were selected on the basis of convenience sampling techniques. Collected primary data were analyzed by using appropriate Statistical tools like Simple percentage and factor analysis. Hence, the total sample size is restricted to 150 respondents for the study.

**Table -1 Service Quality Dimension of LIC**

Service	Variables	Total		Grant total	
		T. N.R	Percentage	T. N.R	Percentage
Reason for LIC	Brand image of the Company	21	14	150	100
	Excellent past performance	31	21		
	My friend have invested in LIC	54	36		
	Agent inform to me	6	4		
	Promotion company's Ads	12	8		
	Provision for old age pension	26	17		
Mode of Premium	Changing mode of payment	12	8	150	100
	Delay on payment of premium	21	14		
	Consult by agent	101	67		
	Approaches the company	6	4		
	Approaches policy holders	10	7		
Benefits of LIC	Premium	13	9	150	100
	Insurer and security	24	16		
	Cash and Bonus	15	10		
	Maturity value	48	32		
	Surrender value	15	10		
	Raising on Capital	14	9		
	Liquidity Assets	2	1		
	Advantages on Income tax	12	8		
	Easy marketability	3	2		
Expenses	Children education expenses	15	10	150	100
	Medical expenses	5	3		
	Family expenses	16	11		
	Trading expenses	10	7		

Retirement expenses	13	9
Son/Daughter marriage	38	25
Good return on savings	18	12
Bulk return in future	9	6
Tax benefits	18	12
Risk coverage	8	5

Source: Primary Data 2016

It exhibits that reason for investing through LIC 14 percent of the policy holders have invested brand image of the Company, 21 percent of the policy holders have invested excellent past performance, 36 percent of the policy holders have invested said that my friend have invested in LIC, 4 percent of the policy holders have invested said that agent inform to me, 8 percent of the policy holders have invested opinion that promotion company's Ads and remaining 17 percent of the the policy holders have invested for provision for old age pension.

This above table clearly shows the opinion of policy holders about the mode of premium that is out 100 percent of policy holder 67 percent consult their agent about premium, 14 percent stop depositing the premium, 8 percent change the mode of payment, 7 percent approaches by policy holders.

It is found that selection of life insurance plans of policy holders that is out of 100 percent 10 percent of policy holders selected for their children education expenses, 3 percent for health care expenses, 11 percent for family expenses, 7 percent for business expenses, 9 percent for retirement expenses 25 percent for their daughters marriage, 12 percent for good return on saving 6 percent for bulk return in future 12 percent for tax benefit and 5 percent for risk coverage.

From this above table, the survival benefit of life insurance is clearly stated that out of 100 percent, 32 percent of respondents favor for maturity value of the policy and they are majority in number, 16 percent of respondents for insurer and insured, 10 percent of respondents for surrender value of the insurance policy, 10 percent of respondents for bonus, 8 percent of respondents for tax benefits from policy, 3 percent of respondents for transferability. 2 percent of respondents support for easy marketability and 1 percent of respondents for liquidity.

Table-2 it is clearly shows that out of 100 percent of policy holders 41 percent policy holders reported that claims will be settled within three months, 26 percent will get within one month, 13 percent will get their settlement in six month, 11 percent will get wait up to one year, 7 percent wait more than one year and 3 percent of policy holders have no specific time.

It is found that shows the procedures followed by policy holders for settlement of their claim, that is out of 100 percent 61 percent leave policy bond as the main element for the settlement of their claim, 13 percent will have death certificate for settlement of claim, 11 percent have policy report, 10 percent of policy holders shows hospital document as a evident and 5 percent of policy holders chose others.

**Table -2 Impacts on Service Quality**

Impacts	Variables	Total		Grant total	
		T. N.R	Percentage	T. N.R	Percentage

Recovery of Claims	Up to one month	39	26	<b>150</b>	<b>100</b>
	Three month	60	41		
	Six month	20	13		
	One year	17	11		
	More than one year	10	7		
	No specific time	4	3		
Procedure of Policy Bond claims	Death Certificate	91	61	<b>150</b>	<b>100</b>
	Policy Report	20	13		
	Medical Certificate	16	11		
	Others	15	10		
		8	5		
		4	3		
Policy Cancellation	Within first 15days	36	24	<b>150</b>	<b>100</b>
	Procedures not acceptable	28	19		
	Forced by agent	41	27		
	Unable to pay premium	45	30		
Maturity of Policy	Full amount assured	25	17	<b>150</b>	<b>100</b>
	Cash paid to policy holders	80	53		
	Return by surrender value	42	28		
Penalty & Premium	Do not know	3	2		
	Yes	42	28	<b>150</b>	<b>100</b>
	No penalty for few days	45	30		
Satisfaction	No penalty to all	30	20		
	Desire to company	17	11		
	Risk coverage	25	17	<b>150</b>	<b>100</b>
	Protection for the family	32	21		
	Long term savings	75	50		
	EBIT savings	18	12		

Source: Primary Data 2016

This table shows the reason for cancellation and its duration that is out of 100. 27 percent of policy holders were forced by the agent without interest, 24 percent were cancelled within first 15 days, terms and conditions of insurance policy was not acceptable for 19 percent of policy holders and 30 percent of policy cancelled that they are not able to pay premium.

It is calculated that table shows the surrendered before maturity of policy that is out of 100 percent 53 percent of policy holders will get amount paid by them, 28 percent will get surrenders value as decided by the company, 17 percent will get full sum assured and 2 percent do not know about their amount surrender. This above table clearly

shows the views of policy holders on paying premium that is, out of 100 percent of policy holders 30 percent says that no penalty for few days, 28 percent says yes, they are given penalty, 20 percent says no penalty 11 percent says they can't say about it and 11 percent says desire to try out a new company

It is clear that policy information's were collected from company advertising out of 100 percent of policy holders 50 percent of policy holders collect information about long term savings, 21 percent about protection for the family 17 percent about risk coverage and 12 percent about tax savings.

**Factor Analysis KMO and Bartlett's Test**

In order to establish the factor analysis solution, it is essential to establish the reliability and validity of the obtained reduction. As discussed earlier, this is done with the KMO and the Bartlett's test of sphericity.

**Table- 3 Borrowing by Institutional Sources**

Using SPSS 17.0 a factor analysis was carried out. The results on KMO and Bartlett's test are given in Table no. 52.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.786	
Bartlett's Test of Sphericity	Approx. Chi-Square	121.494
	Df	35
	Sig.	0.001

Kaiser-Meyer-Olkin (KMO) is calculated using correlation and partial correlation to test whether the variables in our sample are adequate to correlate. A general rule of thumb is that KMO value should be greater than 0.5 for a satisfaction factor analysis to proceed. By observing the above results from table, KMO value is 0.786; therefore we can proceed with factor analysis.

It may be noted that the value of KMO statistics is greater than 0.5, indicating that factor analysis could be used for the given set of data. Further, Bartlett's test of sphericity testing for the significance of the correlation matrix of the variables indicates that the correlation coefficient matrix is significant as indicated by the p value corresponding to the chi-square statistics. The p value is (0.001), which is less than (0.05) the assumed level of significance, indicating the rejection of the hypothesis that the correlation matrix of the variables is insignificant.

**Survival Benefit of LIC**

Reasons	Benefits	Safety	Time Consuming
Bonus	0.831		
Capital growth	0.812		
Tax benefits	0.731		
Insurer and insured		0.821	
Surrender value		0.711	
Premium			0.812
Maturity value			0.705
Transferability			0.610
Eigen Values	<b>1.841</b>	<b>1.347</b>	<b>1.081</b>
Total Variance	<b>26.412</b>	<b>24.247</b>	<b>19.147</b>
Alpha	<b>0.643</b>	<b>0.611</b>	<b>0.521</b>

**Extraction Method:** Principal Component analysis. Component Score

As evident from table, it is found that 3 factors account for (26.412+24.247+19.147) = 69.806 percent of total variance, hence, we have reduced the number of variables from 10 to 3 underlying factors. As for factor 1, it is evident that the survival benefit of LIC has the

highest variable of, bonus 0.831, capital growth 0.812, tax benefits 0.731; this factor can be termed as benefits factor. This survival benefit of LIC has the middle level variables as insurer and insured 0.821 surrender value 0.711 these two factors can be named as safety. The third factor from the survival benefit of LIC has low level variables as premium 0.812, maturity value 0.705, and transferability 0.610. Factor 3 can be named as time consuming factor.

### Suggestions

1. Insurance sectors promote new marketing channels adoption of create more advantage for future. Public limited insurance company will be extent source of more relevant information sharing to various channels like Radio, TV, Magazine, Newspaper, and Internet etc.

2. Death Benefits: Most of the Life Insurance policies provide protection to the family or the guarantor in case of unfortunate death of the nominee. The insurance company compulsory must be submitting relevant document and along with medical certificate recovery to uncertainty of risk in future events.

3. Annuity policies are critical investment in LIC. During the time of maturity you will get the guaranteed money back plus other added benefits mentioned in the plan. In some of the plans there is no option withdraw of cash certain period during regular interval.

4. Kallakurichi is majority of policy holder are working in professional bodies including such teacher, lawyer, engineer, are earning more income of every month. Almost all customers are compulsory pay income tax under commercial tax act.

5. Insurance is one of the long-term investments to meet for future expenses. In case of business man to invest more money in their own business sometime the unexpected the risk their human being. The insurance companies provide compensation on claims settlement after the maturity period recovery whole amount paid to LIC policy holders.

6. Insurance Regulatory Authority of India has framed the lengthy procedures delay on payment of premium to policy holders. Government of India and insurance sector should be taken the necessary step recommended without penalty delay on premium the date will be extent the period to pay on policy premium.

7. Bonus is shares of profit which policy holder gets from the insurance company. The insurance companies earnings more profit declare every year bonus and dividends to regular customer. Insurances sector give bonus plan plus and endowment policy give the monetary along with non-momentary profit to policy holders.

8. Policies are major party of life insurance in consideration of periodicals installments paid either lump sum amount to undertake by policy holders. Sometime they are not delay pay on premium company must not avoid recovery the penalty of premium.

### Conclusion

Life Insurance Corporation is emerging trend for socio economic growth in our society which refers to increasing the financial services given to the insured person. Government of India more concentrate of service quality consideration for claims of maturity amount of money claims to the people who suffered loss on accounts of the events insured against. Insurance company served the marketing of different types of financial products of policies claims recovery to the policy holders. Especially the maturity of policies convention of conservatism claims intimated given the par value with claims intimated and accepted but not paid and provision is made. Insurance company highly service of minimum risk coverage maximum return to given the compensation of loss secured to the policy holders. Life insurance is a backbone to remove the recovery of loss and change the socio-economic growth in our country. Normally human life is not permanent in the emerging world that customer should try to spend more investment through LIC.

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