



# Attitude of LIC Policyholders with Special Reference to Pollachi Taluk

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ABSTRACT

India is an agricultural country. The earnings of many of our people are not enough for their livelihood. So they are unable to make investments in savings. They give priority to their food, medical attention and education. They think of savings for the future. The main aim of the most of the investors is to gain tax relief. So many people lack knowledge of the necessity of insurance. The life insurance industry has come a long way since independence, and Indian consumers till recently had been dealing with only one life insurance player – the Life Insurance Corporation (LIC) in the public sector. After the liberalization of the insurance sector, more than a dozen companies have entered the business. These new insurance companies started operating from metros and urban areas. As a result the urban population got more attention and it led to good insurance penetration in urban areas as compared to rural markets. Hence, the rural people didn't have a chance to learn about insurance. This study attempts to assess the awareness of insurance in Pollachi Taluk in Tamil Nadu and the level of investment. Sample of 100 policyholders were taken for the study. The data required for the study is collected through questionnaires and analyzed using Simple Percentage Analysis and Chi-Square test. The study pointed out attitude of policyholders towards the LIC in Pollachi Taluk.

KEYWORDS

Insurance, Policyholders, LIC, Risk, Investment

INTRODUCTION

Insurance ensures protection of the economic value of the assets in human or material form. Life insurance insures life through long term contracts, non life (general) insurance insures fixed and movable assets on short-term basis, normally on a one-year renewable term. This is simple if assets are not depreciable or perishable and where protection is to ensure security. However, assets like human life or material assets such as aero planes, ships, motor vehicles, machinery etc., are subject to uncertainties of death, breakdown and destruction. There are different sets of uncertainties in assessing liability and the speculative risks associated with human and market behaviour. Risks can be broadly based on those concerning human life and those related to material assets. In today's world of nuclear families, insurance providers are slowly replacing the joint family system that provided in earlier terms financial stability. It is possible to insure against premature death, dependent old age sickness, disability and unemployment. Risks can be quite dynamic, as they correspond to fluctuations in economy, and changes in economic preferences, technology etc.,

The Contract of Insurance is distinct as it is subject to two conditions;

‘The Principle of the utmost good faith’

‘The Principle of the insurable interest’

The LIC, in fact, was the number one Government – owned insurance company that had not only made substantial profits, but also earned the trust of people. The present study is an attempt to learn the perspective of insurance in Pollachi taluk and the attitude of policyholders towards the performance of the LIC.

OBJECTIVES OF THE STUDY

To study the Socio-economic profile of the policy holders who take insurance policies and their level of investment with the LIC.

- To study the attitude of policyholders towards the LIC.
- To offer suggestions and recommendation to improve the life insurance business.

SAMPLING DESIGN

A sample of 100 life policyholders representing various types such as government employees, private employees, agriculturists, pensioners, businessmen and self-employed people of Pollachi area are selected by using convenient sampling technique.

METHODOLOGY AND TOOL FOR DATA COLLECTION

The branch of the Life Insurance Corporation of India working in Pollachi Taluk was selected for this study. The data from the life policyholders registered with this branch were collected with the help of a Questionnaire. The Questionnaire was translated into the vernacular language. The policy holders who understood English were given the Questionnaire in English. Statistical tools like percentage and chi-square test were used for this analysis.

RESEARCH FINDINGS

I.SOCIO ECONOMIC PROFILE

The findings from the study revealed that the majority of the policy holders were belonged to the age group of 21 – 40 years. The gender details of the policy holders out of 100 policy holders, only 44% of the policy holder were male members and 56% of the policy holders were female members. Hence, the majority of the policy holders were belonged to the female group. Educational qualification of the policyholders reveals that 45% of the policy holders had the college level qualification. Of the total consumer 41% of the policy holders were private employee. Out of the 100 policyholders 63% of the policy holders were married and the monthly income of the policyholders revealed that 41% of the policy holders earn below Rs.5,000 as their monthly income. Majority of the policy holders were belonged to nuclear family type.

II.ATTITUDE TOWARDS LIC POLICY

Most of the policy holders had known about the LIC through LIC Agent and were taken money back policy. The policy hold-

ers were likely to joined the LIC for the purpose of both coverage of risk and coverage of savings.46% of the policy holders were paid the policy premium amount between Rs.10,000 to Rs.50,000.Most of the policy holders were taken the policy for the period of below 10 years and 47% of the policy holders were invest amount with LIC which was below Rs.5000 annually. Policy holders were paid their premium quarterly through cash.Most of the policy holders were satisfied by the agent service in LIC.Policy holders taken the LIC policy for their family members. 53% of the policy holders possess secondary savings of holdings their bank deposits. Majority of the policy holders are aware of the private insurance company of Bajaj Alliance.Majority of the policy holders do not taken the loan against insurance policy. Policy holders are satisfied with service rendered by LIC.

II.VARIABLES ASSOCIATED WITH THE POLICYHOLDERS INVESTMENT LEVEL

The study under taken to test the extent of personal factors influencing the level of investment in LIC and insurance policy for this purpose of the following factors are taken into account such as, age, education qualification, gender, marital status, size of the family, type of the family, occupation & income of the policy holders are identified by the researcher as influencing the level of taking insurance policy with the Life Insurance Corporation of India. In order to see whether there is any correlation between the socio-economic factors and to taking insurance policies the chi-square test has been applied.

TABLE 1: VARIABLES ASSOCIATED WITH THE POLICY-HOLDERS INVESTMENT LEVEL

Variables	Values	Results
Age	9.94	Not Associated
Education Qualification	5.31	Associated
Gender	19.31	Not Associated
Marital Status	1.26	Not Associated
Size of the family	3.83	Not Associated
Type of the Family	1.83	Not Associated
Occupation	23.32	Not Associated
Income of the policyholder	23.25	Associated

From the above table its evident that, Out of the selected variables only Educational qualification and Income of the policyholders are associated with the Investment level of policy holders.

SUGGESTIONS

- Keeping in view the need for capturing the market, the LIC may avoid technical jargon.
- The product terms and conditions should be completely transparent to the people.
- They should be simple for the public to understand.
- The LIC can arrange some meetings to popularize their schemes among the public.
- The disposal of claims should be made easy for policy holders.
- More training should be given to agents to sell the products because agents are the backbone of the LIC.
- LIC means trustworthy. So it should build consumer awareness and confidence among the public.
- The LIC should advertise their products through various mass media.
- They should develop viable and cost effective distribution channels.
- Relax the formalities in renewal of lapsed policies.
- Launch micro-insurance products targeting low income and self help groups say for 5-year plan or 10 year plan with high bonus rate.
- There are a number of products available with each policy holders. So it is better to educate the customer on different products, which suit their special needs.

LIMITATIONS OF THE STUDY

- The study is restricted to Udumalpet Taluk only.
- Only 100 policy holders were considered as sample for the study.
- The analysis was based on the data collected with the help of the questionnaire and this might have its own limitations.

CONCLUSION

In India, insurance has not been on the main agenda of either individuals or corporate. Hence, reforms encompass not merely regulatory intervention but also promotional effort to develop the market. The steady growth of the industry, as also the consolidation of private players progressively bears a silent testimony to the proactive regulatory regime in place in India.

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