



ORIGINAL RESEARCH PAPER

Commerce

PERCEPTION OF POLICYHOLDERS RELATED TO LIC AND ICICI PRUDENTIAL LIFE INSURANCE COMPANY: A COMPARATIVE STUDY IN JORHAT DISTRICT OF ASSAM

KEY WORDS: Perception, privatization , communication ,convenience.

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ABSTRACT

The impact of privatization in India has shown its impact on transformation from the state of monopoly to sprouting companies offering various 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 as the mindset, motives, interests and expectations on the part of customers also. The customers have become more informative and calibrated in terms of risk coverage and also 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 ICICI Prudential 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 and ICICI Prudential is positive in many aspects whereas negative in some. 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.

INTRODUCTION:

The mobilization of national savings and channelizing them into investments in different sectors of the economy is the major role played by the insurance sector. 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, does not show any structural break after 1999. At present, the Life Insurance Corporation of India is the sole public sector life insurance company and 24 insurers are operating privately in India. ICICI Prudential Life Insurance Company Limited (ICICI Prudential Life) is promoted by ICICI Bank Limited & Prudential Corporation Holdings Limited. ICICI Prudential life began its operations in the fiscal year 2001 and has consistently been amongst the top players in the Indian life insurance sector. ICICI Prudential Life is also the first insurance company in India to be listed on NSE & BSE. Customers are the main pillars of life insurance business. Customer attraction and retention is important to earn higher profits. Customers needs and expectations should be properly understood by insurance providers in order to bring improvement in product as well as services offered. Competition being at its highest level, it has become very essential for life insurers to provide better at reasonable price and also spread more awareness. Moreover, in order to protect their lives against future uncertainties emphasis on need based innovative products should be given so that every individual may avail the benefits of insurance.

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. 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 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 about a particular product/thing can be developed from a variety of things , which includes their own experience or how others depicted about 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.

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. So, it is necessary on the part of the companies to measure customer satisfaction on regular basis, because the main key to retain customers is customer satisfaction. Customer attraction and retention is important to earn higher profits. Customers needs and expectations should be properly understood by insurance providers in order to bring improvement in product as well as services offered. Competition being at its highest level, it has become very essential for life insurers to provide better at reasonable price and also spread more awareness. Moreover, in order to protect their lives against future uncertainties emphasis on need based innovative products should be given so that every individual may avail the benefits of insurance. Otherwise, it would be difficult on the part of the companies to sustain their business. So, here the main concern is the customers of which insurance companies have positive perception and are highly satisfied with the services offered.

SIGNIFICANCE OF THE STUDY:

Nowadays heavy competition prevails in the insurance sector. Several private insurance companies like ICICI Prudential, HDFC, TATA AIG , Bajaj Allianz etc. are competing with LIC. Many companies failed to capture new buyers, retain their existing customers and to build a lasting relationship with customers. With the growth and development in information and telecommunication, people are quite aware of the various products and services available in the market. Hence, optimum efforts on the part of the companies are required to market their products and services to satisfy the needs of the customers and to retain them.

REVIEW OF LITERATURE:

Shobha (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.

Ahmed (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.

Dhanasekaran (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.

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 are collected from the policyholders of LIC and ICICI Prudential Life Insurance.

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 ICICI Prudential Life Insurance will be covered.

b) POPULATION: It would include all the policyholders of the branches of LIC and ICICI Prudential under Jorhat district

c) SIZE: The sample for the study is 100. 50 respondents are taken from LIC and 50 respondents are taken from ICICI Prudential Life Insurance.

ANALYSIS AND INTERPRETATION:

The number of customers surveyed is 100. For conducting the study 50 LIC customers and 50 ICICI customers are selected. The responses of the policyholders of LIC and ICICI are given in the tables below:

Table No. - 1 Gender wise distribution of customers

Sl. No.	Gender	No. of customers		Percentage	
		LIC	ICICI	LIC	ICICI
1	Male	26	33	52	66
2	Female	24	17	48	34
TOTAL		50	50	100	100

From the table it can be said that there is male dominance with regard to investment in both LIC & ICICI Prudential.

Table No.2 : Age of the respondents-

Age of respondents	No. of customers		Percentage	
	LICI	ICICI	LICI	ICICI
Below 30 years	11	2	22	20
31-40 years	26	4	52	40
41-50 years	10	3	20	30
51-60 years	3	1	6	10
Total	50	10	100	100

From the table it can be said that in case of both LIC and ICICI Prudential, maximum investors belong to the age group of 31-40 years.

Table No. - 3 Income level classification of customers

Sl. No.	Annual Income	No. of customers		Percentage	
		LIC	ICICI	LIC	ICICI
1	Below 1 Lakh	1	0	2	0
2	1 Lakh-5 Lakhs	11	10	22	20
3	5 Lakhs- 10 Lakhs	19	13	38	26
4	10 Lakhs- 15 Lakhs	16	22	32	44
5	15 Lakhs and above	3	5	6	10
TOTAL		50	50	100	100

From the table it can be said that, in case of LIC, 38% of the respondents belong to the income group of 5 lakhs-10 lakhs,

whereas, in case of ICICI, 44% of the population belong to the income group of 10 lakhs-15 lakhs.

Table No. 4: Type of policy taken by customers

Sl. No.	Type of Policy	No. of customers		Percentage	
		LIC	ICICI	LIC	ICICI
1	Whole Life Policy	10	9	20	18
2	Money back policy	13	10	26	20
3	Annuity Policy	3	2	6	4
4	Double accident indemnity policy	0	2	0	4
5	Children deferred insurance	7	13	14	26
6	Joint life policy	8	5	16	10
7	Endowment Policy	9	6	18	12
8	Others	0	3	0	6
TOTAL		50	50	100	100

From the table it can be said that, in case of LIC, maximum number of employees have opted for money back policy, whereas in case of ICICI, maximum number of respondents have opted for children's deferred insurance policy.

Table No. 5: Awareness of all the details of the policy bought.

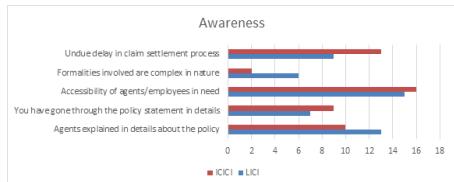
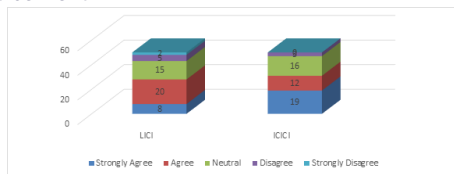


Table No.6: The Insurance Company provides attractive and informative media, theme layout and language of the advertisement.



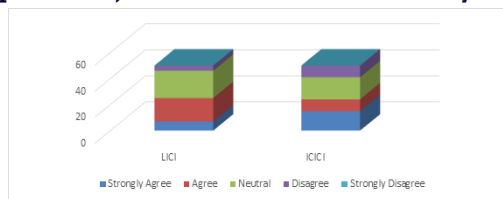
With regard to Insurance Company providing attractive and informative media, theme layout and language of the advertisement, in case of LIC, maximum policyholders

Table No.9: Investors expectation on Investment alternatives according to its importance:

Factors		Highly Important	Important	Neutral	Least Important	Not Important	Total Score	Mean	Rank
Safety	Value	5	4	3	2	1	397	3.97	2nd
	No.s	32	41	19	8	0			
	Score	160	164	57	16	0			
Capital Growth	Value	5	4	3	2	1	358	3.58	4th
	No.s	28	33	17	13	9			
	Score	140	132	51	26	9			
Tax Benefit	Value	5	4	3	2	1	400	4.00	1st
	No.s	40	31	20	7	2			
	Score	200	124	60	14	2			
Children Education	Value	5	4	3	2	1	313	3.13	6th
	No.s	16	32	20	13	19			
	Score	80	128	60	26	19			
Return	Value	5	4	3	2	1	383	3.83	3rd
	No.s	30	37	23	6	4			
	Score	150	148	69	12	4			
Company Profile	Value	5	4	3	2	1	290	2.90	7th
	No.s	10	20	35	20	15			
	Score	50	80	105	40	15			
Daughter Marriage	Value	5	4	3	2	1	356	3.56	5th
	No.s	21	30	38	6	5			
	Score	105	120	114	12	5			

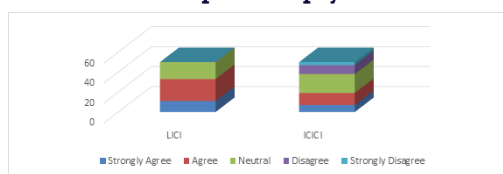
agreed whereas, in case of ICICI, maximum policyholders strongly agreed.

Table No.7: The insurance company has enhancement of technological capability(e.g. computerisation, networking of operation etc) to serve customers more effectively.



With regard to the enhancement of technological capability which includes computerisation and networking of operation, maximum response of the policyholders from both the company were neutral.

Table No.8: The insurance company provides timely revival of lapsed policies, change of nominations, addresses and mode of premium payment.



With regard to the timely revival of lapsed policies, change of nominations, addresses and mode of premium payment, maximum policyholders of LIC strongly agreed to it, whereas in case of ICICI maximum policyholders response was neutral.

Table No. 10: Rating of services of Insurance Company:

Sl. No.	Rating Scale	No. of customers		Percentage	
		LIC	ICICI	LIC	ICICI
1	Poor	5	4	10	8
2	Average	13	25	26	50
3	Good	27	18	54	36
4	Excellent	5	3	10	6
TOTAL		50	50	100	100

From the table it can be said that maximum number of investors in LIC has rated its services as Good, whereas, maximum number of investors in ICICI has rated it as Average.

SUGGESTIONS:

1. Basic advertisement techniques highlighting the special features of the policies like high returns, life cover, tax benefits, accident cover etc. should be incorporated.
2. Investment in insurance should be promoted in colleges, societies, corporate houses etc.
3. Diversification of products should be enhanced reducing the complexities.
4. Proper training should be provided to the staff of the insurance companies in order to deliver quality services.
5. Direct contact with the customers should be there in order to provide updated information. Moreover, companies should impart special programmes like SMS, e-mail, telephonic conversation etc.
6. Agents must update their knowledge and improve their skills by attending seminars, conferences and exhibitions organized by the insurance companies and IRDA because maximum respondents were made aware of the services along with the terms and conditions through the insurance agents.

CONCLUSION:

In the Indian market insurance is one of the emerging sectors, also being highly competitive. In recent years, many private life insurance companies have entered into this sector for earning profit as well as to provide services to customers living in the rural and urban area. Both LIC and the private life insurance companies play a remarkable role in the development of the major factors in influencing the policyholder to buy the policy. It is observed that among the policyholders with different age groups, the younger groups mostly have a positive attitude with the insurance plans than the elders. Moreover, 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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