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ORIGINAL RESEARCH PAPER

Business Administration

LIC: A LEGACY OF TRUST, RELIABILITY, AND SERVICE EXCELLENCE

KEY WORDS: Life Insurance Corporation, Trust, Reliability, Service Excellence, Customer Satisfaction, Exploratory Factor Analysis.

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ABSTRACT

Insurance is an important industry in providing protection against unforeseen risks and maintaining financial security. The Life Insurance Corporation (LIC) is a trusted insurance company in India, known for its customer-centric approach and reliable services. The present study aims to explore the perception of the customers regarding the trust, reliability and service excellence provided by LIC through Exploratory Factor Analysis (EFA). The primary data collected from LIC policyholders was structured questionnaire with nine variables related to service reliability. Cronbach's alpha was used to test the reliability of the instrument with the obtained alpha value of 0.821, meaning that the instrument has good internal consistency. The Kaiser-Meyer-Olkin (KMO) value of 0.824 and Bartlett's Test of Sphericity ($^2 = 635.616$, $p < 0.001$) were both significant, indicating that the data were appropriate for factor analysis. Two important factors were detected using Principal Component Analysis that accounted for 62.525% of the total variance. These factors were identified as Service Reliability and Operational Efficiency and Customer Trust and Settlement Support. The results indicate that efficient service delivery, prompt response, clear settlement process and trust in LIC policies are the key elements which affect the perception of customers with regard to LIC. In conclusion, the study suggests that LIC remains a reputable and trustworthy life insurance provider, consistently providing high-quality services and enhancing consumer trust.

INTRODUCTION

Life insurance is one of the most important sectors of the financial services industry that offers individuals and families protection and security through their finances. The insurance industry is competitive, and it is now more important than ever that customers trust in the services you provide and that you are reliable. Insurers would be expected to provide timely service, clear policy administration, timely claim settlements and support throughout the life of the policy. The Life Insurance Corporation (LIC) was established in 1956 and is one of the top public sector life insurance companies in India. In the decades over, LIC has gained the trust of millions of policyholders with its reliable insurance products and service-oriented approach. Its brand image stems from trust, financial stability and ethical business practices. But, the dynamics of changing customer expectations, technological advancements, digital premium payment systems and the competition mounting from private insurance companies make it imperative for LIC to keep improving the quality of its services. Thus, it is crucial to gain insight into what makes customers feel trustful and reliable as a method to maintain customer relationships. In this research, the major dimensions that affect the customers' perception of Trust, Reliability and Service excellence of LIC have been studied using Factor analysis. The results offer valuable insights into the operational and service-related factors that help to build customer confidence in LIC.

STATEMENT OF THE PROBLEM

Insurance sector has experienced a considerable change in the light of liberalization and technological advances and growing customer awareness. Today's customers expect reliable services, prompt communication, accurate documentation, easy claim settlements and administration of policies. While LIC has a good name as India's biggest life insurance firm, it's important to constantly improve its service delivery to win customer trust. There are several factors, including delays in service, insufficient clarity of policy terms, poor settlement advice and technological issues, that can affect customer's perception of LIC's reliability. Thus, the understanding of the dimensions that influence customers' trust and satisfaction with LIC's services is of utmost importance. The present research tries to uncover these dimensions using factor analysis and test the reliability of the scale that was used to measure customers' perceptions.

Scope of the Study

The study of the present conveys a focus of the customer perception of LIC regarding trust, reliability and service excellence. It covers many service features such as reliability of the service policy, timely service delivery, reliable error-free transactions, availability of products, clarifying customer questions, settlement advices, and premium payment reliability for online services. The study is restricted to some selected policyholders of LIC and uses the primary data collected using a structured questionnaire. The analysis will be limited to Exploratory Factor Analysis (EFA) in SPSS. The results can help to determine the key dimensions affecting the trust of customers and give valuable information to enhance the service delivery and improve the relationship with customers in the long term.

OBJECTIVES OF THE STUDY

1. To identify the key dimensions influencing customers' perception of LIC's trust, reliability, and service excellence using Exploratory Factor Analysis.
2. To examine the reliability and validity of the measurement scale used to assess customers' perception of LIC's trust, reliability, and service excellence.

RESEARCH METHODOLOGY

The present study is descriptive in nature to explore the customers' perception of trust, reliability and service excellence of LIC. This study has used primary data collected from LIC policyholders using a questionnaire of 9 statements that focus on trust, reliability and service excellence. The answers were evaluated on a scale of 1 (Strongly Disagree) to 5 (Strongly Agree). The respondents were selected using convenience sampling technique. Data collected were coded and analyzed using IBM SPSS. The measure of instrument reliability was determined with Cronbach's Alpha and suitability of the data for factor analysis was determined with Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Bartlett's Test of Sphericity. To identify the underlying dimensions of customers' perceptions, subsequently Principal Component Analysis (PCA) with Varimax rotation was performed. The analysis showed that the measurement scale was reliable, valid and two dominant factors namely

Service Reliability and Operational Efficiency and Customer Trust and Settlement Support were extracted, accounting 62.525% of the total variance.

Table 1 : Reliability Analysis of "LIC: A Legacy of Trust, Reliability, and Service Excellence

Particulars	Cronbach's Alpha if Item Deleted
LIC policies are reliable	.807
Have ever been lost by LIC	.803
Coherence of assured service with actual service	.791
Timely services	.789
Error free receipt	.795
Reliability through online payment of premium	.827
Availability of LIC products	.797
Clarification of general and technical doubts	.810
Right guidelines at the time of settlement	.805
Cronbach's Alpha	.821

Source:Primary data

Table 1 shows the reliability analysis results to examine the internal consistency of the nine items that measured LIC: A Legacy of Trust, Reliability, and Service Excellence. The overall Cronbach's Alpha coefficient is 0.821 which is greater than the recommended value of 0.70, suggesting good internal consistency and reliability. The "Cronbach's Alpha if Item Deleted" values range from 0.789 to 0.827. The individual items do not contribute significantly to the overall reliability when omitted, indicating that each item plays an important role in the construct. In general, the items are consistent with the scale, such as Timely Services (0.789), Coherence of Assured Service with Actual Service (0.791) and Error-free Receipt (0.795). Thus, all nine items were kept for further factor analysis.

Table 2 KMO and Bartlett's Test for "LIC: A Legacy of Trust, Reliability, and Service Excellence

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.824
Bartlett's Test of Sphericity	Approx. Chi-Square	635.616
	df	36
	Sig.	.000

Source:Primary data

Table 2 shows the results of the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Bartlett's Test of Sphericity. The kmo value is above the minimum acceptable value and in the range of 0.824 indicating that the sample is meritorious and suitable for factor analysis. The Bartlett's Test of Sphericity gave a Chi-square of 635.616 and 36 degrees of freedom with a p value of 0.000, which is statistically significant. This means that there is a significant correlation between variables and the correlation matrix is not an identity matrix. Therefore, it is suitable for us to use Principal Component Analysis on the data.

Table 3 Total Variance Explained for "LIC: A Legacy of Trust, Reliability, and Service Excellence

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	4.064	45.151	45.151	4.064	45.151	45.151	3.280	36.449	36.449

Source:Primary data

The first component accounts for 45.151% of the total variance with an eigenvalue of 4.064 and the second component accounts for 17.375% with an eigenvalue of 1.564. The two components account for 62.525 % of the total variance, suggesting that the two factors extracted well represent the underlying dimensions of the construct. The first component accounts for 36.449% of the variance and the second component accounts for 26.076%, and the cumulative variance is not changed to 62.525%. The cumulative variance is more than 60% which is considered acceptable and appropriate for factor interpretation.

Table 4 Rotated Component Matrix for "LIC: A Legacy of Trust, Reliability, and Service Excellence

Paticulars	Component	
	1	2
Coherence of assured service with actual service	.885	
Error free receipt	.885	
Timely services	.875	
Availability of LIC products	.858	
Clarification of general and technical doubts		.716
Right guidelines at the time of settlement		.714
LIC policies are reliable		.705
Have ever been lost by LIC		.594
Reliability through online payment of premium		.589
Service Reliability and Operational Efficiency		**Customer Trust and Settlement Support**

Source: Primary data

The rotated component matrix is given in Table 4 after performing Varimax rotation. These nine variables were clustered into 2 meaningful factors according to the factor loadings. Service Reliability and Operational Efficiency has four variables with high factor loadings: Coherence of assured service with actual service (0.885) , Error-free receipt (0.885) , Timely services (0.875) , Availability of LIC products (0.858) . These are measures of the efficiency, uniformity and reliability of LIC's service provision. The second component named "Customer Trust and Settlement Support" consists of five variables: Clarification of general and technical doubts (0.716) , Right guidelines at the time of settlement (0.714) , LIC policies are reliable (0.705) , Have ever been lost by LIC (0.594) , Reliability through online payment of premium (0.589) . These factors highlight customers' confidence in LIC, guidance in policy servicing and policy settlement, trust in LIC policies and reliability of digital premium payment facilities. The factor loadings for all the variables are above the recommended value of 0.50, indicating that the variables have strong associations with their respective components. The factor structure is clear and understandable, reflecting the respondents' view of the LIC Trust, Reliability, and Service Excellence by two factors: Service Reliability and Operational Efficiency, and Customer Trust and Settlement Support.

MAJOR FINDINGS

1. The Cronbach's Alpha value for reliability analysis obtained was 0.821, which shows that the measurement scale has good internal consistency and is reliable in measuring customer perceptions of LIC's trust, reliability, and service excellence.
2. The Cronbach's Alpha if Item Deleted values ranged between 0.789 and 0.827, and all nine items had substantial values, indicating that there was no need to eliminate any items from the construct.
3. The Kaiser-Meyer-Olkin (KMO) Measure of Sampling

Adequacy was 0.824 and suggested that the sample was sufficient and appropriate for use in the factor analysis. The Bartlett's Test of Sphericity was statistically significant ($^2 = 635.616$; $p < 0.001$), indicating that the variables are sufficiently correlated and are appropriate for Principal Component Analysis.

4. The Principal Component Analysis revealed two factors which had eigenvalues above one, suggesting that the construct can be seen as having two underlying dimensions. The total variance obtained by the extracted factors is 62.525% which indicates that the extracted factors have captured satisfactory level of customers perception of LICE's trust, reliability and service excellence.
5. After rotation, the first one labelled "Service Reliability and Operational Efficiency" accounted for 36.449% of the total variance and the most important variables were error-free receipt, coherence of assured service with actual service, timely services and availability of LIC products.
6. The second factor was "Customer Trust and Settlement Support," accounting for 26.076% of the total variance after rotation and included clarity of general and technical questions, appropriate guidance at the settlement, trust in LIC policies, trust through online premium payment and customer confidence in LIC.
7. The factor with the greatest loading is Coherence of Assured Service with Actual Service (0.885) and Error-free Receipt (0.885) suggesting that these have the highest influence on customers' perception of the reliability of LIC's service.
8. Overall, the study results suggest that customers consider LIC a trustworthy and reliable life insurance company, and operational efficiency, service delivery, assistance, settlement guidance, and policy services are shown to be the dimensions that affect customers' confidence and service quality.

CONCLUSION

The reliability and factor analyses confirm that the scale measuring "LIC: A Legacy of Trust, Reliability, and Service Excellence" is both reliable and valid. The overall Cronbach's Alpha value of 0.821 demonstrates good internal consistency. The KMO value (0.824) and significant Bartlett's Test ($p < 0.001$) establish the suitability of the data for factor analysis. Principal Component Analysis extracted two distinct factors, explaining 62.525% of the total variance, with all variables exhibiting satisfactory factor loadings. These findings indicate that customers evaluate LIC primarily in terms of Service Reliability and Operational Efficiency and Customer Trust and Settlement Support, providing a robust foundation for subsequent statistical analyses and interpretation.

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