

ANALYSIS OF LIFE INSURANCE POLICY HOLDERS PERCEPTION WITH RESPECT TO PUBLIC AND PRIVATE SECTOR INSURANCE COMAPNIES IN INDIA

Dr. S. SIVA

Assistant Professor, Department of Commerce, College of Science and Humanities, SRM Institute of Science and Technology, Vadapalani Campus, Chennai, Tamilnadu, India. Email: iamsivapkm@gmail.com

M. SUDHA

Assistant Professor, Department of Corporate Secrataryship, Don Bosco Arts and Science College, Chennai, Tamilnadu, India. Email: sudha.murthy93@gmail.com

Abstract

In today's competitive market scenario, life insurance policy holders expects quick and quality services in a comfort way. The customers are nowadays exposed to a greater convenient way because of the customer attraction strategy adopted by the life insurance companies. These companies have entered with latest technology and well trained professional and hence can better satisfy the consumers. This has brought about a huge change in the Life insurance sector with an ever increasing quest for better services being desired by the customer. Hence the researcher intends to know the perception and satisfactory level of life insurance policy holders.

Keywords: Life Insurance, Policyholders, Perception, Satisfaction, Services

INTRODUCTION

Life is full of risks and uncertainties. Since, human beings are social dependents; every individual has certain responsibilities too to minimize these risks. Indians are emotional and rational in their buying decisions. They believe in the future rather than the present and desire to have a better and secured future. In this direction, life insurance services have their own values in terms of serving as savings, investment and risk protection medium.

Life insurance is a contract between an insurance policy holder and an insurer or assurer, where the insurer promises to pay a designated beneficiary a sum of money (the benefit) in exchange for a premium, upon the death of an insured person (often the policy holder). Depending on the contract, other events such as terminal illness or critical illness can also trigger payment. The policy holder typically pays a premium, either regularly or as one lump sum. Other expenses (such as funeral expenses) can also be included in the benefits.

India is a vast market for life insurance that is directly proportional to the growth in premiums and an increase in life density. With the entry of private sector players backed by foreign expertise, Indian insurance market has become more vibrant. Competition in this market is increasing with company's continuous effort to lure the customers with new product offerings. However, the market share of private insurance companies remains at 50 per cent. Even today, Life Insurance Corporation (LIC) of India dominates Indian insurance sector. Insurance sector is highly regulated by IRDA (Insurance Regulatory and Development Authority of India) with

price controls, limitation on ownership, and other controls mechanisms on private companies operations.

OBJECTIVES OF THE STUDY

- To study the socio-economic status of policyholders
- To analyze customers' perception on services of life insurance companies
- To find out the reasons of purchasing a life insurance policy

RESEARCH METHODOLOGY

Descriptive research design was adopted for this study. A questionnaire was structured in such a way that it practically reflects the views and perception of Policyholders about life insurance companies, its product and services, features of the public and private life insurance companies operating in Chennai city. 120 policyholders from LIC, ICICI Prudential, Bajaj Allianz, and HDFC Standard were chosen for the study. The researcher adopted convenience sampling method for selecting respondents. The data collected through the primary sources was analyzed by using Statistical package for Social Sciences (SPSS). The statistical tools which are used for ascertaining the results such are Percentage analysis, Descriptive analysis and Factor analysis.

REVIEW OF LITERATURE

T.Thirupathi (2014) in his study makes an effort to measure the awareness level and satisfaction of policy holders in Salem district. He also examines the factors influencing policy holders and their preferences of insurance companies. The researcher also found that policy holders prefer banking and insurance together. They prefer private insurance sectors because they provide them the banking facility and a lot of value added services. So it will be beneficial both to the common public and the LIC if it offers banking facility to the policy holders and the common public.

M.Gurusamy (2014) in his study examines the differences perceived by the customers' among life insurance companies. The researcher discussed the factor that influencing the perception on services and their quality of policy holders. The researcher concluded that customers perceive clearly about the services and it affect the life insurance players.

Molazadeh (2014) found that to analyze the policyholder's satisfaction from life insurances and the factors affecting it in four under investigation companies. For this purpose, four indexes have been taken into account, including: innovation, exaggeration in describing life insurance, disagreement between expectation with reality and non-financial performance. For the purpose of collecting data, the way of probable classified sampling has been applied. With regard to the measure of the sample, 316 questionnaires have been distributed. Research results show that there is a meaningful relation between innovations, exaggeration in describing life insurance, disagreement between expectations with reality, non-financial performance and policyholder's

satisfaction.

PERCENTAGE ANALYSIS

Table 1: Demographic variable of the respondents

VARIABLE	PROFILE	FREQUENCY	PERCENTAGE
Gender	Male	75	62.5
	Female	45	37.5
	Total	120	100.0
Age	Below 25 years	44	36.7
	25 to 35 years	29	24.2
	36 to 45 years	35	29.2
	Above 45 years	12	10.0
	Total	120	100.0
Marital Status	Married	76	63.3
	Unmarried	44	36.7
	Total	120	100.0
Educational Qualification	School level	16	13.3
	Diploma	16	13.3
	UG	37	30.8
	PG	27	22.5
	Professional	24	20.0
	Total	120	100.0
Occupation	Self Employed	32	26.7
	Employed in Public Sector	25	20.8
	Employed in Private Sector	44	36.7
	Student	09	7.5
	Housewife	10	8.3
	Total	120	100.0
	Income	Below Rs.25, 000	56
Rs. 25,001 - 50,000		39	32.5
Rs. 50,001 - 75,000		22	18.3
Above Rs.75, 000		03	2.5
Total		120	100.0
Source: Primary Data			

Table 2: Description of Insurance Usage

VARIABLE	PROFILE	FREQUENCY	PERCENTAGE
Sources	Agent	47	39.2
	Development Officers	18	15.0
	Brochures	06	05.0
	Advertisement	12	10.0
	Journals & Magazines	16	13.3
	Friends & Relatives	21	17.5
	Total	120	100.0
Awareness	Below 5 years	60	50.0
	5-10 years	49	40.8
	10-15 years	06	05.0
	Above 15 years	05	04.2
	Total	120	100.0
Insurance Sector	Public	80	66.7
	Private	32	26.7
	Both	08	06.6
	Total	120	100.0
Insurance Company	LIC	80	66.7
	Bajaj Alliance	15	12.5
	ICICI Prudential	15	12.5
	HDFC Standard	10	07.5
	Total	120	100.0
Policy Type	Endowment	44	36.7
	Money back	40	33.3
	ULIP	07	05.8
	Risk plan	29	24.2
	Total	120	100.0
Sum Assured	Rs. 50,000 to Rs. 1,00,000	66	55.0
	Rs. 1,00,001 to Rs. 1,50,000	21	17.5
	Rs. 1,50,001 to Rs. 2,00,000	17	14.2
	Above Rs. 2,00,000	16	13.3
	Total	120	100.0
Premium Duration	Monthly	14	11.7
	Quarterly	24	20.0
	Half yearly	19	15.8
	Yearly	63	52.5
	Total	120	100.0
Premium Amount	Below Rs. 5,000	59	49.2
	Rs. 5,001 to Rs. 10,000	33	27.5
	Rs. 10,001 to Rs. 15,000	19	15.8
	Above Rs. 15,000	09	7.5
	Total	120	100.0
Channel of Payment	In Person	25	20.8
	By Bank	31	25.8
	Agent	23	19.2
	Internet Payment	35	29.2

	Electronic clearing service	06	05.0
	Total	120	100.0
Payment Mode	Cash	39	32.5
	Credit Card	14	11.7
	Debit Card	11	09.2
	Net Banking	53	44.2
	Mobile Banking	03	02.5
	Total	120	100.0
Source: Primary Data			

INFERENCES:

Table 1 depicts the demographic variables of the respondent in which majority of the respondents were Male (62.5%) followed by Female with 37.5%. Majority of the respondents were in the group of below 25 years (36.7%) followed by 36 to 45 years (29.2%), 25 to 35 years (24.2%) and above 45 years (10%). Majority of the respondents were married (63.%) followed by unmarried with (36.7%). Majority of the respondents were undergraduates (30.8%) followed by Postgraduates (25.5%), Professionals (20.0%), School level (13.3%) and Diploma holders (13.3%). Majority of the respondents were employed in private sector (36.7%) followed by self-employed (26.7%), employed in public sector (20.8%), housewives (7.5%) and Students (7.5). Majority of the respondents were earns below Rs.25000 per month (46.7%) followed by Rs.25001 to Rs.50000 (32.5%), Rs.50001 to Rs.75000 (18.3%) and above Rs.75000 (2.5%).

Table 2 depicts the description of the information of the respondents in which majority of the respondents know about insurance through agents (39.2%) followed by Friends & Relatives (17.5%), Development Officers (15.0%), Journals & Magazines (13.3%), Advertisement (10.0%) and brochures (05.0%). In terms of awareness about insurance, majority of the respondents belongs to the category of below 5 years (50%) followed by 5-10 years (40.8%), 10-15 years (05.0%), and above 15 years 04.2% .Majority of the respondents using Public sector insurance (67.7%) followed by private (26.7%) and both (06.6%). Majority of the respondents using Endowment policy (36.7%) followed by money back ((33.3%), Risk Plan (24.2%) and Ulip 05.8%. Majority of the respondents belongs to the category of sum assured value Rs. 50,000 to Rs. 1,00,000 (55%) followed by Rs. 1,00,001 to Rs.1,50,000 (17.5%), Rs. 1,50,001 to Rs. 2,00,000 (14.2%), Above Rs. 2,00,000 13.3%. Majority of the respondents paying the premium yearly (52.5%) followed by quarterly (20%), half yearly (15.8%) and monthly 11.7%. Majority of the respondents belongs to the category of Premium amount Below Rs. 5,000 (49.2%) followed by Rs. 5,001 to Rs. 10,000 (27.5%), Rs. 10,001 to Rs. 15,000 (15.8) and Above Rs. 15,000 7.5%. Majority of the respondents using net banking for the payment (44.2%) followed by cash (32.5%), credit card (11.7%), debit card (9.2%) and mobile banking 2.5%.

Table 3: Reasons for purchasing life insurance policies

Reasons	Mean	Standard Deviation	Rank
Investment	4.43	0.575	1
Agent Request	3.88	0.812	7
Agent Compulsion	3.70	0.958	9
Prompt Services	3.65	1.018	10
Family & Friends recommendation	3.72	1.006	8
Easy Accessibility	4.00	0.860	6
Coverage of risk	4.11	0.818	5
Savings	4.24	0.686	2
Tax planning	4.20	0.717	4
Own interest	4.23	0.739	3

INFERENCE:

The respondents were asked to rank the various reasons so as to why they prefer life insurance policies with Rank 1 to be the most preferred reason and Rank 10 to the least preferred option. The findings are listed in the above table. It shows that Investment (4.43) has been ranked number 1, followed by Savings (4.24) ranked number 2, followed by Own interest (4.23) ranked number 3, followed by Tax planning (4.20) ranked number 4, followed by Coverage of risk (4.11) ranked number 5, followed by Easy accessibility (4.00) ranked number 6, followed by Agent request (3.88) ranked number 7, followed by Family & Friends recommendation (3.72) ranked number 8, followed by Agent compulsion (3.70) ranked number 9, and finally followed by Prompt services (3.65) ranked number 10.

Table 4: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.792
Bartlett's Test of Sphericity	Approx. Chi-Square	615.991
	Df	91
	Sig.	.000

Table 5: Factorization of perception on services of life insurers

Factor & Total variance explained	Variables	Factor loading
Consideration Factor (CF) 22.100%	Facing difficulties in loan processing	0.822
	Promises are genuine	0.815
	Loan against policy	0.803
	Fixing higher rate of interest	0.762
	I recommend this insurance policy	0.686
	Customer gets individual attention	0.895

Service Factor (SF) 20.583%	Convenient business hours	0.822
	Have knowledge to solve problems	0.785
	Service during extended hours	0.671
	Prompt service	0.654
Information technology factor (ITF) 13.190%	Usage of latest technology	0.837
	Provide all information clearly	0.812
	Provide error free services	0.725
Motivation factor (MF)13.127%	Guidance/Help at the time of policy is Good	0.822
	Motivation given by agents & development officers	0.777
	I often received unwanted calls & messages	0.731

INFERENCE:

Table 4 shows that Kaiser- Meyer- Olkin measure of sampling adequacy for the analysis is 0.792 which indicates that the sampling is adequate. And Bartlett's Test of Sphericity indicates that chi square value is 615.991, degree of freedom is 91 and probability value is .000 where $p < 0.05$. Therefore it is statistically correlated and suitable for factor analysis

Table 5 depicts that level of perception on services rendered by public and private sector life insurance companies with their communalities and MSA values ranking from 0.531 to 0.835 and 0.522 to 0.861 have goodness of fit for factorization. The Chi square value 982.743 with degrees of freedom of 120 reveal that factor analysis can be applied for factorization of 16 perception variables. Four dominant independent perception factors explaining 69 of total variance have been extracted out of 16 perception variables. Of them the most dominant factor Consideration Factor (CF) followed by Service Factor (SF), Information Technology Factor (ITF) and Motivation factor (MF) in the order of dominance.

Hence the factor analysis reveals that consideration factors like facing difficulties in loan processing, genuine promises, loan against policy, fixing higher rate of interest, readiness to recommend the insurance policy were the most dominant factors followed by Service factor, Information technology factor and motivation factor. Therefore the researcher has been concluded that factors under the category called consideration factor (cf) place a predominant role on the perception of policyholders of public and private sector life insurance companies.

CONCLUSION

Increased competition, wide range of product offerings and multiple distribution channels cause companies to value satisfied and highly profitable customers. The study reveals that most of the respondents are aware of Life Insurance Corporation of India and have acquired more knowledge about the Endowment policies. Further it has been also found that the policyholders have brought the life insurance policy as they were motivated by the insurance agents. On the basis of analysis the researcher concluded that the Life insurance customers are wanted to

invest their money in insurance products or they perceived life insurance as good investment product. Secondly they see life insurance as a money saving tool. The researcher also found that recommendations, agents request and compulsion and prompt services by insurers are given least preference by the respondents.

The study also reveals that consideration factors like facing difficulties in loan processing, genuine promises, loan against policy, fixing higher rate of interest, readiness to recommend the insurance policy were the most dominant factors followed by Service factor, Information technology factor and motivation factor. Therefore the researcher has been concluded that factors under the category called consideration factor place a predominant role on the perception of policyholders of public and private sector life insurance companies.

References

1. T.Thirupathi “A Study On The Awareness Level Of Lic Policy Holders In Salem District” Asia Pacific Journal of Research Vol: I Issue XIII, January 2014
2. M.Gurusamy “Customers’ Perception On Service Quality In Life Insurance Companies In Salem City By Using Structural Equation Modelling” Protagonist International Journal of Management And Technology (PIJMT) Vol I Issue I Dec 2014
3. Molazadeh M., Asghari M. & Babu H.S., “To Study of Policyholder's Satisfaction in Life Insurance and Factors Affecting on That”, Asian Journal of Multidisciplinary Studies (2014), 2(4), 94-101.
4. Insurance: principles and practice – M.N.MISHRA, S.Chand & company limited.
5. Research methodology: Methods and techniques– C.R.KOTHARI, New age international publishers.
6. www.ipedr.com
7. www.worldwidejournals.com
8. <https://globaljournals.org>
9. www.ijritcc.org
10. www.ijbssnet.com
11. www.researchgate.net
12. <http://journals.uab.ro>
13. <http://internationaljournals.co.in>
14. www.irdai.gov.in
15. <http://www.hdfclife.com/>
16. <http://www.licindia.in/>
17. <https://www.bajajallianzlife.com/>
18. <https://www.iciciprulife.com>