

**PERCEPTIONS AND PREFERENCES OF POLICYHOLDERS
TOWARDS INSURANCE PRODUCTS OFFERED BY
LIC OF INDIA IN TIRUNELVELI DISTRICT**

*Thesis submitted to Manonmaniam Sundaranar University
in partial fulfilment of the requirements
for the award of the degree of*

DOCTOR OF PHILOSOPHY IN COMMERCE

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LIST OF ABBREVIATIONS

AB	-	Accident Benefit
A.Plan	-	Annuity Plan
Chola	-	Cholamandalam
CAR	-	Capital Adequacy Ratio
CLU	-	Chartered Life Underwriter.
DoM	-	Date of Maturity
GoI	-	Government of India
HDFC	-	Housing Development Finance Corporation
ICICI	-	Industrial Credit and Investment Corporation of India
IFC	-	International Finance Corporation
IRDA	-	Insurance Regulatory Development Authority
LI	-	Life Insurance
Pub S	-	Public Sector
PSU	-	Public Sector Undertakings
Pvt. S	-	Private Sector
ROP	-	Return of Premium Term Life Insurance
SWL	-	Survivor Whole Life Insurance
SUL	-	Survivor Universal Life Insurance
ULI	-	Universal Life Insurance
VLI	-	Variable Life Insurance
VUL	-	Variable Universal Life Insurance.
VGTL	-	Voluntary Group Term Life Insurance
WL	-	Whole Life Insurance
ZO	-	Zonal Office

CHAPTER - I

INTRODUCTION AND DESIGN OF THE STUDY

- 1.1 INTRODUCTION**
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CHAPTER I

INTRODUCTION AND DESIGN OF THE STUDY

1.1 INTRODUCTION

Insurance sector plays a very important role in the development of any economy as it provides long term funds for infrastructure development and strengthens the risk taking ability. The current scenario in the insurance industry is a complex and competitive environment tinged with little stability. The major hassle the industry faces is obtaining clients. This is due to the fact that the big fish in the insurance industry dominates the sector. It has become increasingly difficult for this particular sector to gain profits while curtailing costs. Insurance is a contract between two parties whereby one party called insurer undertakes, in exchange for a fixed sum called premium to pay the other party an assured sum of money on the occurrence of a certain event. Life insurance protects against the economic loss in the event of death. A family is generally dependent for its food, clothing and shelter on the income brought in by the bread winner of the family. As long as he lives, the family is secure but an unexpected death of the person may put the family in a very difficult situation. Uncertainty of death is inherent in human life. It is this uncertainty that gives rise to the necessity for some form of protection against the financial loss arising from death. Life insurance substitutes this uncertainty by certainty.

In LIC, consumer orientation is gaining much importance. Customer satisfaction is the prime activity of the corporation at all levels of its activities. LIC introduces various schemes to provide safety and security to the lives of the people in the country. The main aim of LIC has been to mobilize the savings of the household

and to offer protection against death and sickness. In recent years, it has also become a medium for saving tax.

Insurance has become important to our national economy. The millions of rupees of annual premiums paid into insurance companies are invested in a wide range of investments to secure sufficient earnings to meet the contracted coverage. In fact, the insurance industry is reported to be second only to the commercial banking industry as a source of investment funds.

To the average untrained person, insurance as a whole is mind boggling and, since it involves one's hard earned money, it is often scary. There's no other way to put it. Insurance can be scary. There are so many choices for one's money and so many people chasing after it that often times it is difficult to decide the best option for a person to take and talk about options! Life insurance, annuities, variable products, continued care insurance, etc., are all voluntary options. One does not have to invest in any of these but one wants for a myriad of reasons. Security for those one's loved ones, better return on the investment, less risk, retirement, fear of old age, etc., are all good reasons to look at a vehicle to provide those results. Insurance can provide for those reasons but it's not free. It's scary!

Throughout most people's lives, they will have to make some sort of decision relating to these options and will need to make these decisions again and again. New and better insurance products, interest rate changes, family changes, etc., will cause one to relook at one's position many times. One wants to do the right thing each time but, indeed, it is scary!

From a purely financial perspective, both personal and business, insurance plays a very important role in preserving those hard earned rupees. One has tried so

hard to accumulate rupees and one needs to make the best choice possible with each of those rupees.

At some time one may be asked to exchange one's life insurance product for another. Insurance is a constantly evolving industry and there are many new products on the market from when one may have entered into his current policy and he may be shown what appears on the surface to be a better deal. Is it a better deal? Should he exchange his old policy for a new one? That is difficult to say without a thorough review of both his old policy and the new policy but particularly his old policy.

1.2 STATEMENT OF THE PROBLEM

Life is full of risk and uncertainties. Since we are the social human beings we have certain responsibilities too. Indian consumers have big influence of emotions and rationality on their buying decisions. They believe in future rather than the present and desire to have a better and secured future. In this direction, life insurance service has its own value in terms of minimizing risk and uncertainties. Indian economy is developing and having huge middle class societal status and salaried persons. Their money value for current needs and future desires have the pendulum moves to another side which generate the reasons behind holding a policy. Insurance industry is a service-oriented unit. It renders services like available space, display adequate information, suggestion box and so on to the policyholders. It is essential that insurance schemes should attract and satisfy the policyholders in different ways. Life insurance has today become a mainstay of any market economy since it offers plenty of scope for garnering large sums of money for long periods of time.

Ever since its inception in 1956, the life insurance companies in India have been providing better service to the society. The policyholders once when they

become a part of the LIC feel free about the safety of their wards. The families of the non-policyholders meet out uncertainty on the death of the bread winner. So, there is an attraction towards life insurance. People who care much about them and their families become policyholders of life insurance. The tastes and preferences of policyholders are indifferent. The LIC of India has been introducing variety of policies suiting the tastes and preferences of the policyholders.

It is observed that many policyholders have taken more than one policy. It is a clear indication that they are very much interested in utilizing maximum benefits from LIC. Some people give due importance to money value and high returns on their investments. But greater risks are inherent advantages expected from LIC products. One can continuously utilize the corporation in various ways by becoming a LIC policyholder. The extent of utilization of LIC policies also differs from person to person for the above said reasons. Excess utilizations represent the value and the number of LIC products purchased and thereby availing multifarious utilities and services offered by the LIC.

The advent of private foreign insurance companies in India has become a competition of the LIC of India. The policyholders once satisfied with the service of the LIC of India started evaluating the services of the LIC of India with the other private insurance companies. Thus, the attitude of the policyholders towards the LIC of India has started changing in the present days. There are murmurs at different corners as to the services of the LIC of India.

More and more new private insurance companies coming up year after years. And, these new and private insurance companies adopt aggressive marketing strategies to introduce their products called policies and to attract the potential policyholders. It is witnessed that new policies like ULIPs are aggressively marketed

by these new private life insurance companies. It is in this context this study has been undertaken to analyze the perceptions and preferences of policyholders towards insurance products offered by Life Insurance Corporation of India in the study area.

1.3 OBJECTIVES OF THE STUDY

The following are the objectives of the study:

1. To know the perceptions and preferences of policyholders towards insurance products offered by LIC of India in Tirunelveli district.
2. To find out the satisfaction level of policyholders about the various products offered by LIC of India in Tirunelveli district.
3. To identify the main factors influencing the perceptions and preferences of policyholders towards insurance products offered by LIC of India in Tirunelveli district.
4. To find out the problems faced by the policyholders of LIC of India in Tirunelveli district.
5. To offer suitable suggestions to overcome the problems.

1.4 HYPOTHESES OF THE STUDY

The following hypotheses were framed and tested for the present study:

- ▶ There is no significant difference in preferences towards insurance products of LIC of India among different age group of policyholders in Tirunelveli District.
- ▶ There is no significant difference in preferences towards insurance products of LIC of India among different gender group of policyholders in Tirunelveli District.

- ▶ There is no significant difference in preferences towards insurance products of LIC of India among different marital status of policyholders in Tirunelveli District.
- ▶ There is no significant difference in preferences towards insurance products of LIC of India among different educational qualification of policyholders in Tirunelveli District.
- ▶ There is no significant difference in preferences towards insurance products of LIC of India among different occupational status of policyholders in Tirunelveli District.
- ▶ There is no significant difference in preferences towards insurance products of LIC of India among different types of family of policyholders in Tirunelveli District.
- ▶ There is no significant difference in preferences towards insurance products of LIC of India among different area of residence the policyholders in Tirunelveli District.
- ▶ There is no significant difference in preferences towards insurance products of LIC of India among different nature of residence of policyholders in Tirunelveli District.
- ▶ There is no significant difference in preferences towards insurance products of LIC of India among different monthly family income of policyholders in Tirunelveli District.

- ▶ There is no significant difference in preferences towards insurance products of LIC of India among different monthly savings of policyholders in Tirunelveli District.
- ▶ There is no significant difference in preferences towards insurance products of LIC of India among different mode of payment of policyholders in Tirunelveli District.
- ▶ There is no significant difference in satisfaction towards services of LIC of India among different age group of policyholders in Tirunelveli District.
- ▶ There is no significant difference in satisfaction towards services of LIC of India among different gender group of policyholders in Tirunelveli District.
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- ▶ There is no significant difference in satisfaction towards services of LIC of India among different monthly savings of policyholders in Tirunelveli District.
- ▶ There is no significant difference in satisfaction towards services of LIC of India among different mode of payment of policyholders in Tirunelveli District.

1.5 SCOPE OF THE STUDY

This study focuses on the factors influencing policyholder's perceptions and preferences. Further, this study focuses on identifying the present potential of the company's products and aims at identifying the best-set promotional activity to be carried to improve the sales.

1.6 AREA OF THE STUDY

The study was conducted in Tirunelveli District. And, the study area consists of the following taluks:

1. Tenkasi,
2. Alangulam,
3. Sivagiri,
4. Puliangudi,
5. Tirunelveli,
6. Palayamkottai,
7. Shenkottai,
8. Nanguneri,
9. Ambasamuthiram,
10. Radhapuram,
11. Veerakeralampudur.

1.7 PERIOD OF THE STUDY

The study was conducted during 2010-2013. The required primary data were collected during November 2011 to February 2012.

1.8 OPERATIONAL DEFINITION OF CONCEPTS

1.8.1 LIFE INSURANCE

Life insurance is a contract between a person and an insurance company for a number of years covering either the life term or a fixed number of years.

1.8.2 POLICYHOLDER

Policyholder means one who takes the policy from the insurance company. A policyholder takes the policy based on his age, income. The policyholders get the maturity value on the maturity date. If death occurs, the nominee of the policyholder receives the claim amount from the insurance company.

1.8.3 PERCEPTION

It is defined as the process by which an individual selects, organizes and interprets stimuli into a meaningful and coherent way. It is how we see the world around us. Two persons subject to the same stimulus under the same conditions will react differently. A stimulus is any unit of input to any of the senses. The study of perception is largely the study of what we subconsciously add to or subtract from raw sensory to produce our own private picture of the world.

1.8.4 PREFERENCE OF POLICYHOLDER

Preference of policyholders denotes the way in which policyholders look at the various aspects related to insurance products of LIC of India.

1.8.5 PREMIUM

Premium is the consideration that the policyholder has to pay in order to secure the benefits offered by the insurance policy. It can be looked upon as the price of the insurance policy. It may be a one-time payment or periodical payment (Monthly Quarterly, Half yearly, yearly). A default in premium can endanger the continuance of the policy. If that happens, the policy will be treated as lapsed one.

1.8.6 CLAIMS

A claim is the demand that the insurer should redeem the promise made in the contract. The insurer has then to perform his part of the contract i.e. settle the claims, after satisfying himself that all the conditions and requirements for settlement of claim have been complied with.

1.8.7 AGENT

An insurance company representative licensed by the state, who solicits, negotiates or effects contracts of insurance, and provides service to the policyholder for the insurer.

1.8.8 BENEFICIARY

The person named in the policy to receive the insurance proceeds at the death of the insured.

1.8.9 CASH SURRENDER VALUE

The amount of money payable to a policyholder who purchased insurance with a savings element in it, when he or she stops paying premiums before the maturity date of the policy.

1.8.10 FACE VALUE

The amount stated on the face of the policy that will be paid in case of death of the insured or at the maturity of the contract. Dividend additions or additional amounts payable under accidental death or other special provisions are above the face value.

1.8.11 INSURED

Insured is the person on whose life an insurance policy is issued.

1.8.12 LIMITED PAYMENT LIFE INSURANCE

It refers to whole life insurance on which premiums are payable for a specified number of years or until death if death occurs before the end of the specified period.

1.8.13 POLICY

The printed document stating terms of the insurance contract issued to the policyholder by the company.

1.8.14 POLICY LOAN

A loan made by an insurance company to a policyholder on the security of the policy's cash value.

1.8.15 STRAIGHT LIFE INSURANCE

Whole life insurance on which premiums are payable for the life of the insured, at whose death the face value is paid to the dependents.

1.8.16 TERM INSURANCE

Insurance payable to a beneficiary at the death of the insured while the policy is in force.

1.8.17 SAVINGS AND INVESTMENTS

Savings and investments in insurance is a means to save and invest. One's periodic premiums are like savings and one is assured of a lump sum amount on maturity. A policy can come in handy at the time of one's child's education or marriage! Besides, it can be used as supplemental retirement income.

1.9 METHODOLOGY OF THE STUDY

1.9.1 DATA USED

The study was based on survey method. The theme of the study was to find the policyholders' perceptions and preferences towards various insurance products offered by Life Insurance Corporation of India in Tirunelveli District. The study is based on both primary and secondary data.

1.9.2 PRIMARY DATA

Primary data refer to data that are collected afresh for the first time and that is original in nature. The required primary data are collected through interview schedule.

1.9.3 SECONDARY DATA

Secondary data are that data that have been collected by someone else and which have already been passed through the statistical process. Secondary data here have been collected from company records, product profile of the company, newspapers, magazines and general discussion with company channels.

1.10 CONSTRUCTION OF INTERVIEW SCHEDULE

1.10.1 INTERVIEW SCHEDULE

An interview schedule is a list of questions to ask the interviewee. An interview schedule is prepared to effectively find out useful and accurate information. As a first step a pilot study was conducted from 5 respondents each in every taluk comprising a total of 55 respondents. An interview was conducted from them with the help of an interview schedule and identified the right questions and deleted the unnecessary questions and thereby the interview schedule was finished on the basis of the results arrived at. The finalized schedule was supplied to all the respondents and the process of analysis was proceeded.

1.11 SAMPLE SIZE

Sample size for this study is 550 and they were selected from the branch offices of LIC of India in Tirunelveli District.

1.12 SAMPLING DESIGN

The researcher had adopted disproportionate stratified random sampling method to select the sample policyholders. There are eight branch offices located in Tirunelveli District. The policies issued are 2, 49,151 and through them the premium collected is Rs. 2850.57 crores in during 2012. To conduct this study with regard to the utilization of the LIC services by the policyholders particularly the policyholders in early 2012, 550 sample policyholders were selected. For selecting the respondents the following process was adopted:¹

Out of the total respondents scattered in 11 taluks of the Tirunelveli District and among nearly 2.5 lacks policyholders continuously paying the premium at present, 50 respondents in each taluk are selected as sample respondents. Thus, the total sample selected is 550 in the whole district.

1.13 TOOLS OF ANALYSIS

To analyze the collected data and thereby to draw inferences, the following statistical tools have been used. The chi-square test and ANOVA test were used to test the formulated hypotheses of the study. The Garrett ranking method was used to find out rank the problems encountered by the policyholders in availing insurance services from the life insurance companies. Further, factor analysis, correlation technique and average score analysis were used to draw inferences.

¹ www.tirunelvelidistrictprofile.com

The collected data had been processed with the help of appropriate statistical tools. The statistical tools were selected on the basis of the objectives of the study and also the nature of data included for the analysis. The details of statistical tools and its relevance of application are summarized below:

1.13.1 CHI-SQUARE TEST

Chi-square is a statistical test commonly used to compare observed data with data we would expect to obtain according to a specific hypothesis. For example, if, according to Mendel's laws, you expected 10 of 20 offspring from a cross to be male and the actual observed number was 8 males, then you might want to know about the "goodness to fit" between the observed and expected. Were the deviations (differences between observed and expected) the result of chance, or were they due to other factors. How much deviation can occur before you, the investigator, must conclude that something other than chance is at work, causing the observed to differ from the expected. The chi-square test is always testing what scientists call the null hypothesis, which states that there is no significant difference between the expected and observed result.

The formula for calculating chi-square (χ^2) is:

$$\chi^2 = \sum \frac{(o-e)^2}{e}$$

That is, chi-square is the sum of the squared difference between observed (o) and the expected (e) data (or the deviation, d), divided by the expected data in all possible categories.

1.13.2 ANOVA

ANOVA test is used by the researcher to find the significant differences existing among the three or more sample groups in relation to a variable. The total variance in a set of data is divided into variation within groups and variation between groups.

The ANOVA technique is based on the concept of sum of squared deviations from a mean. Corresponding to the total variance and its two components, we have the total sum of squares (SS), between groups sum of squares (SS_b), within groups of squares (SS_w) is obtained by combining the sum squares i.e., the squared deviations of every raw score from its sample mean. The formula used is

$$SS_w = \sum_1 d^2 + \sum_2 d^2 + \sum_3 d^2 + \sum_4 d^2 + \sum_5 d^2 + \dots \dots \dots \sum_n d^2$$

Where d = a deviation of every raw score of a category from its sample mean.

Between groups sum of squares (SS_b) is by calculating the difference between each sample mean and the total mean. The squared difference is multiplied by the sample size in the concerned category and these quantities. The formula is

$$SS_b = \sum [(x - x_1)^2 \times n]$$

Where,

X = any sample mean

X_1 = the total mean

n = the number of scores in any sample

SS_b = the between groups sum of squares

The total sum of squares (SS_1) is equal to a sum of within and between groups sum of squares.

$$SS_1 = SS_b + SS_w$$

1.13.3 MEAN SQUARE

The value of the sums of squares tends to become larger as variation increases and also as sample size increases. The mean square (or variance) is obtained by dividing SS_b or SS_w by the appropriate degrees of freedom.

$$MS_b = SS_b/df_b$$

$$MS_w = SS_w/df_w$$

Where,

MS_b = the between- groups mean squares

MS_w = the within – group mean squares

df = the degrees of freedom

$$df_b = k-1$$

$$df_w = n_1-k$$

Where,

k = the number of samples (groups)

n = the total number of scores in all samples combined.

1.13.4 T-TEST

‘T’ test is used to study the significant differences among two groups of samples with respect to a variable. It is also used to test the significance of a correlation co-efficient calculated among two variables. In the study for the latter purpose ‘t’ test is employed. Theoretical work on t-distribution was done by W.S. Gosset in the early 1900. The “t-statistic” is defined as:

$$t = \frac{\bar{x} - \mu}{S} \times \sqrt{n}$$

Where, $S = \frac{\sqrt{\sum(x - \bar{x})^2}}{n-1}$

The t-distribution is derived mathematically under the assumption of a normal distribution as:

$$f(t) = C \left(\left[1 + \frac{t^2}{v} \right] \right)^{-\frac{v+1}{2}}$$

Where, $t = \frac{(X - \mu)}{S} \sqrt{n}$

C = a constant required to make the area under the curve equal to unity.

v = n-1, the number of degrees of freedom.

To test the significance of the correlation coefficient the following formula is used:

$$t = \frac{r}{\sqrt{1 - r^2}} \times \sqrt{n - 2}$$

Where, t is based on (n-2) degrees of freedom.

If the calculated value of t exceeds $t_{0.05}$ for (n-2), d.f., the value of r is significant at 5% level. If $t < t_{0.05}$ the data are consistent with the hypothesis of an uncorrelated population.

1.13.5 GARRETT'S RANKING TECHNIQUE

To find out the preference of policyholders towards LIC products, Garrett's ranking technique was used. As per this method, respondents have been asked to assign the rank for all factors and the outcomes of such ranking have been converted into score value with the help of the following formula:

$$\text{Per cent Position} = \frac{100 (R_{ij} - 0.5)}{N_j}$$

Where,

R_{ij} = Rank given for the i th variable by j th respondents

N_j = Number of variable ranked by j th respondents

With the help of Garrett's Table, the per cent position estimated is converted into scores. Then for each factor, the scores of each individual are added and then total value of scores and mean values of score is calculated. The factors having highest mean value is considered to be the most important factor.

1.13.6 FACTOR ANALYSIS

Factor analysis is a statistical tool employed to find out the factors motivated the policyholders to take policy.

The factor analysis model in matrix notation is given by

$$X = Af + e$$

Where,

$$X = (x_1, x_2, x_3, \dots, x_p)$$

$$F = (f_1, f_2, f_3, \dots, f_m)$$

$$E = (e_1, e_2, e_3, \dots, e_p)$$

$$M = \text{Number of factors}$$

And the relevant matrix is

$$A = \begin{bmatrix} a_{11} & a_{12} & \dots & \dots & \dots & a_{1m} \\ a_{21} & a_{22} & \dots & \dots & \dots & a_{2m} \\ \dots & \dots & \dots & \dots & \dots & \dots \\ \dots & \dots & \dots & \dots & \dots & \dots \\ a_{p1} & a_{p2} & \dots & \dots & \dots & a_{pm} \end{bmatrix}$$

Where a_{ij} is the factor loading which give net correlation between the variables x_i and factor f_j . (Where $i = 1, 2, \dots, p$ and $j = 1, 2, 3, \dots, m$). It is assumed that the error variables (e) are distributed independently of f and p and e as a multi-variable normal distribution.

1.14 LIMITATIONS OF THE STUDY

The following are limitations of the study:

- The study is restricted to Tirunelveli District only and the findings and suggestions may not be applied to other areas.
- Collection of data was a tedious process as respondents could be contacted only when they visit the branch offices of LIC of India.
- The results of the primary data are solely dependent on the trustworthiness of the respondents.
- The data were collected only from 550 respondents.

1.15 CHAPTER SCHEME

The present study has been organized in six chapters.

The first chapter deals with introduction of the study and research design. It includes statement of the problem, objectives of the study, methodology of the study, hypotheses of the study, tools of analysis, and limitations of the study and chapter scheme.

The second chapter consists of review of literature.

The third chapter deals with profile of the study unit. It includes types of insurance, brief history of insurance, objectives of LIC of India, organizational

structure and operation of LIC in all over India, life insurance companies in India, growth of Indian insurance industries and insurance products offered by LIC of India.

The fourth chapter deals with analysis and interpretation of perceptions of the policyholders.

The fifth chapter includes analysis and interpretation of preferences and satisfaction of the policyholders.

The sixth chapter envisages findings, suggestions and conclusion.

CHAPTER - II
REVIEW OF LITERATURE

2.1 INTRODUCTION

2.2 RESEARCH GAP

CHAPTER II

REVIEW OF LITERATURE

2.1 INTRODUCTION

The study of perceptions and preferences of policyholders towards insurance products offered by LIC of India in Tirunelveli District is the first of its kind. However, there are certain studies related to the overall perceptions and preferences of policyholders of the public Life Insurance Companies. The reviews of related literature presented in this chapter are the overall perception and preference of policyholders towards life insurance companies in India.

Agarwala (1961) in his historical and analytical study entitled. 'The LIC in India' pointed out that in the developing countries, life insurance was an expanding phenomenon. Before the nationalization of the LIC, the life insurance market was narrow and highly imperfect, which was due to the under development of the country's national economy. But after nationalization, the LIC has made an excellent progress in the number of policies sold and the sum assured mobilized.²

Desai (1973) in his study entitled, ' Life Insurance in India – its history and Dimensions of growth' stated that the origin and development of the life insurance in India over the years has wide spread mindedness in insurance and the significant sales through service initiatives, executive efficiency, economy and promptness and spreading the benefits of life insurance to vast section of the rural population and industrial workers throughout the country could achieve a formidable growth in LIC. ³

² Agarwala, Life Insurance in India – Its Historical and analytical study, Allahabad, 1961, . 1- 360

³ Desai G.R. 'Life Insurance in India – Its History and Dimensions of Growth, Macmillan India New Delhi, 1973, PP. 1-51

Jeyaraman (1980) on the study with a title, 'Development of Insurance Business', outlined the methods for developing the life insurance business in rural areas. He also suggested that organizational infrastructure in the rural areas need to be enlarged so as to bag the growing insurance potential there. ⁴

The study of **Satpal Singh (1986)** on the title, 'Role of life Insurance in Economic Development of India' observed that the LIC had failed to compete with other saving media in tapping the household savings. He also found in his study that there was a vast scope for mobilization of savings of household through life insurance. He suggested that the life insurance protection should be extended to irregular income earners too. ⁵

Arora (1987), in his doctoral research work, analyzed the investment and personnel management of LIC. The research revealed that the total investment of LIC has increased at a faster rate than the increase in total fund, total assets and controlled fund. It is a very good sign, because a large portion of the amount is being utilized for earning income and a small portion of the amount is left idle. The percentage of investment in government securities to total investment has been declining. It has no reverse impact on the interest of the policyholder. The LIC arranged investment in such a way that it got a constant inflow of funds. The study observed that the LIC has no systematic planning to foresee the needs of its employees. The study suggested that the personnel department of LIC should be equipped with specialized and qualified personnel to manage its functioning properly. ⁶

⁴ Jeyaraman R, Development of Rural Insurance Institute, Bangalore, 1980, P.17

⁵ Satpal Singh M, Role of Life Insurance in Development of India, The Insurance Times, Volume 6, November 1986, PP 11 – 15.

⁶ Arora, M.N. (1987), "The Life Insurance Corporation of India (Financial & Organizational

Roy (1987) in his study on ‘Life Insurance Lightens the Hope of the People’, emphasized that the idea of insurance has gained momentum due to the growth and increasing uncertainties of human lives in the society and also reported that the Rural Career Agent scheme and Jana Raksha Policy for the rural masses had made steady progress in highlighting the idea of life insurance in rural areas.⁷

Arora (1988), in her doctoral work, studied quantitative analysis of the investment policy of GIC and examined critically the role played by the GIC in providing finance to industry. The study revealed that the Investment Policy of GIC evolved within the ambit of the provisions of the Insurance Act 1938, and the guidelines issued by the government from time to time, with a view to maximizing investment income, ensuring safety, liquidity of funds and be consistent with national objectives and priorities under the guidelines. It also invested in corporate securities and participated in underwriting of new issues. The promotional role played by the GIC over the years has been considerable. It has taken keen interest in the area of rural insurance, foreign business development and development of human resource.⁸

Dhar Ravi (1994) in his study “Decision Difficulty and Uncertain Preferences: Implications for Consumer Choice” says that as soon as customers face their decision situation they would still not have a clear idea of their preferences and will be confused when having multiple options. Such confusion appears to depend on

Aspects: 1956 to 1986)," Ph.D. Thesis, Submitted to Faculty of Commerce, Banaras Hindu University, Varanasi.

⁷ Roy, ‘Life Insurance Lightens the hope of the People, Insurance Times, Volume 4, February 1987, PP 10 – 11.

⁸ Arora, S. (1988), "The GIC of India – An Appraisal", M.Phil. Thesis, Submitted to Department of Commerce, Delhi School of Economics, University of Delhi, Delhi.

the complexity of the choice situation which “is influenced both by the number of alternatives and by the number of attributes used to describe each alternative.”⁹

Jonsson Petur (1994) in his study “Social Influence and Individual Preferences: On Schumpeter’s Theory of Consumer Choice” states that Schumpeter’s theory of consumer choice also assumes that customers’ preferences and tastes are generally deficient, and factors such as experience, learning, innovation, and social environment affect the formation of preferences.¹⁰

Negi and Sarkar (1995), in their paper, analyzed and critically examined the portfolio management policy of LIC with respect to its investment in Govt. of India’s securities. The study revealed that up to 1987, the LIC had increased its investment under the Government of India’s securities with the increase of its total controlled fund. But after 1987, its investments under the two heads did not increase with the increase in total controlled funds. After 1987, the corporation decided to take more risk in order to earn higher returns. It decided to be little aggressive for their portfolio management and tilted towards investment in securities and financial instrument where higher returns were possible, keeping in view the satisfaction of customers. It was important for the corporation to earn higher profit so that bonus might be declared at a higher rate.¹¹

⁹ Dhar Ravi, (1994), Decision Difficulty and Uncertain Preferences: Implications for Consumer Choice, *Advances in Consumer Research*, Vol.21, Issue 1, p24-24.

¹⁰ Jonsson Petur O., (1994), Social Influence and Individual Preferences : On Schumpeter’s Theory of Consumer Choice, *Review of Social Economy*, Taylor and Francis Journals, Vol.52(4), pp.301-314.

¹¹ Negi, V.S.; and Sarkar, A.K. (1995), "Portfolio Management Policy of LIC", *Finance India*, Vol. IX No.1, pp. 85-91.

Dhar Ravi (1997), in his article “Consumer Preference for a No-Choice Option” says that though there are a lot of various elements that can affect customers’ preferences and choices, there is still the possibility for not making a choice at all. Many decisions involve a choice among many alternatives available in the market as in the case of choosing insurance among many insurance companies and other financial activities. To choose one service or product among many, alternatives can be difficult for some people and they can end up not choosing any. Since time for decisions regarding purchases is not predetermined or predictable, consumers usually have the option not to choose. There are also some factors that might affect such decisions, which could be to await a better opportunity, better service or maybe better information.¹²

Bettman James R., Luce Mary Frances and Payne John (1998) in their article “Constructive Consumer Choice Processes” state that there are many different approaches for studying customers’ preferences and choices. One of them is rational choice theory, which assumes that customers are rational when making their choice about different products and services. Rationality in this case means that customer have well-defined preferences which do not depend on a particular description of options or on specific methods used to obtain these preferences.

Customers’ demands and preferences of different products and services are a subject of concern for many business areas. For the insurance industry, it means providing a variety of products and services that customers of different ages want. However, these customers’ preferences and choices are not similar from one customer to another which is also valid for young people’s preferences studied in this paper.

¹² Dhar Ravi, (1997), Consumer Preference for a No-Choice Option, Journal of Consumer Research, Vol.24, Issue 2, p215.

These differences make it hard for the insurance companies as for other businesses to meet diverse demands. Thus, the knowledge of customers' preferences and their choices of products and services provided by the insurance companies is one of the most significant attributes for meeting customers' demands.¹³

Estelami and Hooman (1999), in their article "Consumer Savings in Complementary Product Bundles" says that the insurance companies have developed their ways of attracting customers to their services. Nowadays, the insurance companies as many other financial institutions offer bundle of services to customers. When offering bundle of services, businesses usually combine two or more services in a bundle or a package, which often has a lower price than the sum price of the services in the bundle. However, there are different bundling methods. In this paper, they have considered multi-product bundling which refers to the selling of different products in the same bundle. This kind of bundling contains both complementary bundling, in which individual items function as a system, for example, vehicle insurance offered together with accident insurance, and non-complementary bundling in which items are not functionally related to each other, e.g. life insurance and banking services.¹⁴

Bhole (1999) made a study on "Financial Institution and Markets", and pointed out that the LIC has diversified its activities considerably in the recent past by

¹³ Bettman James R., Luce Mary Frances, Payne John W., (1998), Constructive Consumer Choice Processes, Journal of consumer Research, Inc., Vol.25, Issue 3, p187.

¹⁴ Estelami, Hooman, (1999), Consumer Savings in Complementary Product Bundles, Vol. 7 Issue 3, p107,

establishing LIC Housing Finance Limited (LICHFL), LIC Mutual Fund (LICMF), Jeevan Bima Sahoyog Asset Management Limited and LIC International¹⁵

Forbes (2000), in his paper, emphasized on delivering excellent customer service in the insurance industry. It has been described that the outstanding customer service although conceptually simple, is difficult to achieve. It takes quite a long time and requires energy and staying power. It has to be part of the fundamental philosophy of the organization - understood and embraced by everyone. It has to be built into products and processes; and systems have to be set up to deliver it. Above all, the people who make up the organization need to have the skills, passion and commitment to make it work.¹⁶

De Costa (2000) in his special article 'LIC may achieve higher growth rate after the Industry is thrown open to private sector' indicates that LIC has been taking several steps to prepare itself well for the competitive scenario ever since the proposal of throwing open of the Insurance industry was mooted. Thrust areas such as gradation of technology, market research and training and human resource development were identified and acted upon. He suggests that as recommended by the Malhotra committee, Urban Career Agency System should be upgraded claims procedures must be liberalized for easier quicker settlement of death claims.¹⁷

¹⁵ Bhole (1999) made a study on "Financial Institution and markets", TATA Megrow – Hill, New Delhi 1991 PP 50

¹⁶ Forbes (2000), "Delivering Customer Service Excellence" Insurance Research and Practice, Vol.15, Pt. 1, PP. 19-23.

¹⁷ 'LIC May Achieve Higher Growth Rate after the Industry is Town open to Private Sectors' Monthly Commentary on Indian Economic Conditions. Volume XLII, No.3, October 2000, 7 – 18.

Stott (2001) investigated the issues related to achieving service delivery excellence in an active and developing insurance company. In his paper, the author also discussed service quality issues and the emphasis to be placed on alignment of factors to achieve the company goal. It focused on making up a complete service quality master plan. The master plan must include service awareness, measuring customer satisfaction, internal service programmes, business processes, external improvements, service quality control, emphasis on five quality dimensions such as responsiveness, assurance, tangibles, empathy and reliability, service quality culture, aligning people, product and service quality to achieve profitable customer satisfaction. The paper concludes that if a company cannot deliver both quality products and services successfully, it will eventually be overtaken by the competition.¹⁸

Pearson Robin (2002) in his article “Growth, Crisis and Change in the Insurance Industry: A Retrospect” says that change is often characterized by new internal strategies that organizations use in order to enhance their competitive advantage. Corporate restructuring is an increasingly popular means to attain and retain competitive advantage. An organization is making structural changes as well as adjustments to their products and services to better meet the constantly changing preferences of their customers.

For insurance companies, it is significant to understand the needs of young customers. This concentration on young customers’ preferences is due to the fact that understanding and adjusting services to their needs will give an insurance company the possibility to keep these young customers throughout their lives. Incorporating the

¹⁸ Stott, D. (2001), "Service Quality in a Developing Market", *The Journal*, Jan.- June, pp.16-23.

changes in customers' demands on a regular basis would allow the insurance companies to gain satisfied, loyal customers over time. During the past decades, there has been a rising interest of the insurance industry among business and economic historians. Despite this there is still a gap in the knowledge of insurance demand.¹⁹

Gupta (2003), in his paper, highlighted the need of branding in insurance, because the changing scenario is forcing the players to differentiate themselves from others; hence, they are now examining the possibility of branding their product and services to fuel growth. The study revealed that settlement of claims is the most important factor in the mind of customers followed by quality services and security of investments. The other expectations included nine other types desired by the customer. It, therefore, logically follows that the expectations of the customers, especially the claim factor, should be strategically incorporated in the brand strategies of the insurance players.²⁰

Sathya Swaroop Debasish (2004) has devoted his research to the Customer preference for Life Insurance in India. Using the technique of factor analysis, his study identified the five major factors which are responsible for customer preferences which are stated as risk-return factor, promotional factor, service quality factor, consumer expectation factor and core product factor. The sample covered six hundred policyholders, across five states in North India. The opinion of the customers on twenty reasons for preference of life insurance were measured on a five-point scale (Likert Scale) ranging from least important (1) to most important (5) depending on the importance attached to each reason. The data has been collected through structured

19 Pearson Robin, (2002), Growth, crisis and change in the insurance industry: a retrospect, Accounting, Business & Financial History, Vol. 12 Issue 3, p.487-504.

²⁰ Gupta, P.K. (2003), "Branding in Insurance: An Indian Exposition", *The Insurance Times*, Vol. XXIII, No.10, Oct. pp. 30-34.

questionnaire based on non-probability, convenient sampling held during the period of July 2002 to March 2003. He found that more and more customers are now identifying the newer dimension attached to life insurance, to match their life-cycle needs. The buying intent of a life insurance product by a small investor can be due to multiple reasons depending upon customers risk return trade off. Another important fact was that, due to the reduction in the bank interest rates and high degree of volatility in Indian stock market, investors are looking for an alternate for their short term as well as long term investment which will provide them a higher returns and also safety to their investment. Thus, life insurance offers the best alternative to small investors in India. He also suggests that prudent product design, by adding the feature expected by investors, will make the new life insurance product more attractive for investors.²¹

Raman and Gayathri (2004), in their study on “Customer Awareness Towards New Insurance Companies”, inferred that due to the increase of new companies attractive schemes and low premium, the investors have been forced invest money in the new companies.²²

Grant Ian (2004) in his research article “Communicating with young people through the eyes of marketing practitioners” says that, the majority of adults who are subscribed to some bank, children have been living in the protective nest of their parents, and hence need not subscribe to banks or insurance companies. But when they reach a certain age and move out, or get their first jobs, they make their own

²¹ Prof. Sathya Swaroop Debasish, (March 2004), “Exploring Customer Preference or Life Insurance In India” - Factor Analysis Method, Vilakshan-Ximb Journal of Management Vol.No. 1

²² Raman N and Gayathri C, “ A Study on Customers Awareness Towards New Insurance Companies”, Indian Journal of Marketing , Volume 34, No. 1, January 2004, P. 30

bank and insurance arrangements. A study on how marketing practitioners see young people states, “What makes this age group particularly interesting is that they are on the cusp of adulthood; their ‘active decision making skills’ are more advanced and they are experimenting in many different ways, preparing themselves for the opportunities and dangers full independence entails.”

Judging from existing research and statistics, when youngsters do subscribe to bank or insurance services, they are most likely to stick to the institution they first subscribe to, for the rest of their lives. It is therefore an opportunity for financial institutions providing both banking and insurance services to target this group of youngsters in order to gain new customers. Since young customers are an important target group, reaching them has become increasingly important, and the changing preferences of customers make this a challenging task for service companies. The emphasis here lies on understanding the young customers’ changing needs and demands in order to be able to use marketing techniques and forums to reach them. These marketing techniques must continuously be revised and improved to retain competitive advantage.²³

Tripathy (2004), made an endeavor to find out the perception of customers towards insurance companies through marketing variables, and also analyzed the performance of customers and the importance they assigned to different attributes. The author also examined the satisfaction level of respondent customers and agents regarding customer service offered by the company, and tried to determine the position of different companies in the minds of people. The study is based on a questionnaire survey of 225 respondents in Orissa by using multi-dimensional

²³ Grant, Ian, C. (2004), Communicating with young people through the eyes of marketing practitioners, *Journal of Marketing Management*, 20, 591-606

scaling technique. It is observed that 58 per cent of the investors preferred to invest in insurance companies due to choice of products, servicing policy and claims settlement. Majority of the respondents were influenced to take the policy through financial journals and business magazines, and also keeping in mind the high reputation and good CRM of the company. The author suggested that to achieve greater insurance penetration, private companies have to create more vibrant and competitive industry, with greater efficiency, choice of products and value for customers.²⁴

Banumathy and Subhasini (2004) examined and evaluated the attitude of LIC policyholders towards Life Insurance business, at a branch level in Virudhunagar District. In order to collect opinion of policyholders, a well- structured questionnaire was prepared. The sample comprised of 200 respondents selected randomly. The study revealed that educational level, income and financial status of the policyholders are the important factors influencing their decision to take the policy. Most of the policyholders get the information about various plans & schemes of LIC only through its agents. Policies are taken up by the policyholders for various purposes, such as future safety, family welfare, children's education, marriage, tax benefits etc. About 10 components have been identified to measure the level of attitude. A five- point attitude scale had been framed. The components analyzed were: premium rate locating of branch, loan procedure, rate of bonus, services of agents, settlement of claims, advertisement, publicity, safety and social security. This

²⁴ Tripathy, N.P. (2004), "An Application of Multi-dimensional Scaling Model towards Brand Positioning of Insurance Industry", *Insurance Chronicle*, October, pp. 19-25.

measurement of level of attitude clearly revealed that most of the policyholders were satisfied with the services rendered by the LIC and its agents.²⁵

Azam (2005), examined the customers' attitudes towards private and public owned general insurance organizations' products exploring 8 salient beliefs, namely, sound financial strength, goodwill, satisfactory claim settlement, easy risk underwriting, diversified policy, experienced employee, excellent client service and good office environment. The study utilised fishbeins' multi-attribute attitude object model to measure overall attitude. T- Test was performed to test the hypothesis. The study indicated that among 8 salient beliefs customers' perceptions on financial strength, goodwill and office environment are statistically different at 0.001 level, while risk underwriting and client service are different at 0.05 level of significance. The results revealed that customers' favorable perception towards financial strength and goodwill of SBC, while office environment, risk underwriting and client services were favorable for private insurance companies.²⁶

Jampala and Rao (2005), in their study on Corporate Social Responsibility of LIC, analyzed the data related to LIC's contribution towards its employees, agents, government, policyholders, assistance to development activities, social security schemes, social investment and lives covered from 1999-00 to 2003-04, and concluded that C.S.R. is one of the prime focus area of LIC. However, it did not have

²⁵ Banumathy, S.; and Subhasini, M. (2004), "Attitude of Policyholders, Towards Life Insurance Business in Virudhunagar", *The Insurance Times*, Vol. XXIV, No.7, pp.25-28.

²⁶ Azam, M.S. (2005), "Customers' Attitude towards General Insurance Service: Contrasting the Public and Private Sectors in Bangladesh", *Insurance Journal*, July, pp. 91-109.

a proper feedback system to gauge the impact of its contribution to social development.²⁷

Rao (2005), in his research paper titled, "LIC Agents : Are They All Productive", found that during 2003-04 the business procured through Agents constitutes 99.78 per cent, while through all other sources is 0.22 per cent only, which shows the basic strength of LIC is its huge agency force. The data from 1996-97 to 2003-04 shows that the number of agents and average business per agent is increasing year by year. But it does not mean that all agents are productive. The analysis revealed that 15 per cent of LIC agents are highly productive, and the remaining 85 per cent are not so productive. In a nutshell, 15 per cent of the agents bring 61 per cent of the new business. In view of this, LIC would have to undertake training & development programmes for its non- performing agents to make them good performers.²⁸

Sekar (2006), in his article, examined that insurance companies in the absence of a holistic measurement system, and the evaluation procedures would lack a balanced structure giving a balanced outlook of different facts of business performance. The drawback is overcome by employing a balanced score card system. It is one of the powerful tools of stakeholder management, enabling an insurance company to develop, grow and sustain competitive advantage. It provides the necessary means for evaluating the effectiveness of different strategies at different levels of business. The balanced score card does a performance measurement in

²⁷ Jampala, R.; and Rao, V. (2005), "LIC the Front Runner in Corporate Social Responsibility", *Insurance Chronicle*, October, pp. 50-55.

²⁸ Rao, V. (2005), "LIC Agents: Are They All Productive", *Insurance Chronicle*, Nov., pp. 39-42.

insurance industry in four contexts, namely, financial, customer, internal business process, and learning and growth. The financial component is focused more on shareholders' value.

The different variables present in the sequence of achieving shareholder value are; cost efficiency, investment returns, capital efficiency, underwriting profitability and premium growth. The customer perspective consists of core measures like market share, customer acquisition, customer profitability, customer retention, customer satisfaction etc. It takes care of bringing customer value by carrying on the following stages: brand reputation, quality of relationship, quality of services, terms and conditions and the market share. The stage of measuring and evaluation of internal process consists of business process, underwriting process, innovation capability, and client relationship management process. The learning and growth perspective has the following stages: claims management skills, financial skills, marketing skills, and underwriting skills.²⁹

Sharma and Kalyani (2006), conducted a study titled, "CRM. in LIC : Some Reflections." For the purpose of study, Warangal division was selected, since its performance in offering services to the customer was remarkable in the past few years. It was based on secondary data obtained from the records of divisional office of Warangal. The results showed that the LIC adopted the CRM philosophy at all levels and initiated necessary measures for providing better services to policyholders. Computerization and networking of operating units was also taken up for better

²⁹ Sekar, B.S. (2006), "Balance Score Card of the Insurance", Insurance Chronicle, June, pp. 66-72.

access. New methods like single window and customer service centres had received wide recognition and acceptance among users.³⁰

Singh (2006), in his thesis, made a comparative analysis of public and private sector banks, on the basis of business performance, marketing practices and customers' opinion. The study brought out that public sector banks have shown higher growth rate in terms of number of branches, deposits advances, operating expenses, interest expended, spread etc. The private sector banks market their products more aggressively whereas the public sector banks have recently started to recognize the need of marketing and are still in the process of developing efficient organizational structure. Private sector banks have introduced more and more new innovative products to satisfy the needs of customers and used sophisticated technology in their working and delivery of products. The research revealed that satisfaction level of customers is much higher with respect to location of branches, layout of branches, behaviour of staff, time taken in processing their requests etc. in the private sector banks as compared to the public sector banks.³¹

Sandhu and Bala (2006), in their research article, reviewed some of the studies that focused on different aspects of life insurance related to customer services, agents' opinion towards life insurance companies, service marketing, growth, functioning, problems and privatization of life insurance sector. The study revealed that the life insurance sector has gained greater importance over the period especially in the post- liberalization era. Many researchers have been carried out in this area, yet

³⁰ Sharma, S.; and Kalyani, V. (2006), "C.R.M. in LIC: Some Reflections", *The Management Accountant*, Vol.41, No. 9, Sept. pp. 707-713.

³¹ Singh, T. (2006), "Marketing of Banking Services: A Comparative Study of Public and Private Sector Banks", Ph.D. Thesis, Submitted to Faculty of Business Studies, Punjabi University, Patiala.

none is comprehensive enough to cover the entire service spectrum of different life insurance players in the field. It was emphasized that in the changed scenario, further research is also imperative with regard to various other aspects like the role of information technology, bank assurance and customer relationship management in the life insurance sector.³²

Dr.B.M.Ghodeswar (2006) in his article, explained the customer sensitivity as the customers were sensitive to many factors which affect their choice of buying an insurance product from a company. Those aspects were studied by the author in terms of demographic background, innovativeness, product service offering, price perception, and the level of customer satisfaction in their past experience.³³

Fatima Alinvi and Maira Babri (2007) in their Bachelor Thesis submitted for the International Business Program titled as “Customers’ Preferences of Insurance Services” analysed how the insurance companies could enhance their ability of meeting the constant changes in customers’ preferences in an increasingly competitive environment.

The data collected in their study showed that price is a decisive factor in the choice of insurances. Young customers base their preferences on their life circumstances such as age and income. Certain respondents showed skepticism and distrust towards the intentions of insurance companies, and they desire more information about the conditions of various insurances. Finally, customers desire flexibility in the services offered by insurance companies by providing individually

³² Sandhu, H.S.; and Bala, N. (2006), "Marketing of Life Insurance Services Revisited", *Indian Management Studies Journal*, Vol.10, No.2, pp. 1-33.

³³ Dr.B.M.Ghodeswar, “Customer Connections - A Key Advantage in Life Insurance Sector”, *Yogakshema*, Sep. 2006, p.23- 24.

adjusted services, according to the specific needs of the customer. By enhancing integrity, building trust-based relationships, offering more precise information and instilling a customer oriented mindset in the company culture; companies can enhance their ability of meeting the constant changes in customers' preferences.³⁴

Bodla and Verma (2007), studied the buyer behaviour regarding life insurance policies in the rural areas of Haryana. As many as 188 questionnaires were used for analysis and taken on the basis of convenience sampling. The study found that the respondents belonging to the age group 31-40 years dominate the rural insurance. Market agents are the most important source of information and motivation as the people take a policy that is suggested by an agent. Money-back policy is most preferred in the rural areas followed by Jeevan Anand and Endowment Policy; and the rural people have less faith in private insurers. The results also reveal that the women segment is still untapped in rural areas and the role of advertisements is still not up to the mark in motivating rural people to buy insurance policies.³⁵

Jampala and Rao (2007), in their study on distribution channels of LIC, concluded that in this era of reforms, a number of intermediaries or distribution channels have emerged. Despite the emergence of new distribution channels such as corporate agents, brokers and referrals, the LIC could not make sufficient business from these channels. In fact, of the total business of LIC in the year 2004-05, the newly emerged distribution channels contributed a meager 1.12 per cent. But private players who got business through these new channels in 2004-05 were 40.70 per cent.

³⁴ Fatima Alinvi and Maira Babri, 2007. Customers' Preferences of Insurance Services, Bachelor Thesis submitted for the International Business Program

³⁵ Bodla, B.S.; and Verma, S.R. (2007), "Life Insurance Policies in Rural Areas: Understanding Buyer Behaviour", *The ICFAI Journal of Services Marketing*, Vol.V, No.4, pp.18-27.

So, unless the LIC uses the new distribution channels effectively and efficiently, it cannot succeed in the highly competitive insurance business. By taking these measures in their true spirit, LIC can improve its new business further.³⁶

Banga (2007), in his doctoral work, made an attempt to examine the effectiveness of marketing strategies being adopted by insurance companies, the satisfaction level of the customer, different types of pricing and product management strategies adopted, and various promotional and distribution channels used by insurance companies for marketing their products. The study revealed that the same product may not be able to give full satisfaction to different categories of customers. Hence, while planning the product the above mentioned factors are required to be considered earnestly. The quality of services provided to their customers by private general insurance companies are better than public sector general insurance companies. It is in this context that the public sector insurance organizations need to think in favour of managing the marketing activities with the help and co-operation of world class professionals. The study also revealed that employees and agents working with insurance companies are not properly trained, resulting in slow business. The present marketing policies of insurance organizations are unable to make the public aware totally, and a drastic change is required in the marketing system. So, it is right to opine that the marketing practices need a new look, an innovative approach and the conceptualization of the holistic concept of management can make it possible.³⁷

³⁶ Jampala, R.; and Rao, V. (2007), Distribution Channels of LIC" *Insurance Chronicle*, Jan. pp.71-75.

³⁷ Banga, J.S. (2007), "Market Strategies of General Insurance Companies in India (A Study of Public Sector & Private Sector)," Ph.D. Thesis, Submitted to Punjab School of management Studies, Punjabi University, Patiala.

Raj Kumari (2007), in her study, identified the customers attitude towards purchase of insurance products and also their knowledge on the bancassurance formats available through banks. The study concluded that insurance awareness is growing rapidly among the people though many of them are still hesitant to insure due to certain barriers. The people go for insurance only to avoid income tax and have future savings. Bancassurance, the new term in insurance about this concept. The people understanding bancassurance did not have an idea on Centurion Bank providing this facility. The results also indicated that there is very less relation of the bancassurance clients with Centurion Bank accounts like savings, loans etc.³⁸

Vanniarajan and Jeyakumaran (2007), in their paper, identified various service quality factors among the insurers and also their impact on the overall attitude towards insurers among the customer in public and private players in life insurance sector. The LIC and private insurance companies have been taken for the study. The questionnaires were got filled from 250 customers of LIC and 20 each from private players. The SERVPERF model was used for the study. It was concluded that the important service quality factors in the life insurance market were distribution network, product, responsiveness, reliability, customer relationship management, empathy, brand building, promotion and tangibles. The significantly influencing service quality factors on the overall attitude towards the insurers were distribution network, product responsiveness, reliability and brand building. It suggested that the insurers have to cover so many customized products with a larger distribution network to survive in the life insurance market.³⁹

³⁸ Raj Kumari, M. (2007), "A Study on Customers Preference Towards Insurance Services and Bancassurance", *The ICFAI Journal of Risk and Insurance* Vol. IV, No. 2, pp. 49-59.

³⁹ Vanniarajan, T.; and Jeyakumaran, M. (2007), "Service Quality and Customer Satisfaction in Life Insurance Market", *Pravartak*, Vol.11, Issue 3, April-June, pp.159-170.

Goswami (2007), in his paper, made an attempt to understand the dimensions of service quality which help in ensuring maximum customer satisfaction, and hence, help life insurers to acquire a large share of the market. The study was done on a systematic sampling design and 250 respondents were asked to respond to the statements in the scale on a five-point satisfied-dissatisfied scale. The step-wise multiple regressions were run with the scores on tangibility, reliability, responsiveness, assurance and empathy as independent variables, and customer satisfaction as the dependent variable. The results indicated that the responsiveness of service quality provided maximum customer satisfaction in the life insurance industry in India. The study suggested the insurers to improve customer relationship. Proper CRM implementation would not only ensure increased customer satisfaction but also help in acquiring new customers, at the same time retaining the old customers.⁴⁰

Devasenathipathi et al. (2007), compared and rated all the life insurance companies, measured the customer perception, purchase behaviour, consumer awareness regarding life insurance industry and also studied the privatization, policy awareness and life coverage awareness among the consumers. The data has been collected through a questionnaire filled from 500 customers residing in Chennai. The study concluded that the entry of private players brought better service, quicker settlement, greater awareness and more choice. The purchasing behavior of the consumer depends on quality, accessibility and promptness of services, which may lead a company acquire the top rank with a huge market share.⁴¹

⁴⁰ Goswami, P. (2007), "Customer Satisfaction with Service Quality in the Life Insurance Industry in India", *The ICFAI Journal of Services Marketing*, Vol.V, No.1, pp. 25-29.

⁴¹ Devasenathipathi, T.; Saleendran, P.T.; and Shanmugasundaram, A. (2007), "A Study on Consumer Preference and Comparative Analysis of All Life Insurance Companies", *The ICFAI Journal of Consumer Behaviour*, Vol.11, No.4, pp. 7-15.

Banerjee and Parhi (2007), revealed that competition was yet to reach the pricing arena in health insurance. The oligopoly nature of market has turned to restrict the free play of market forces through product differentials. Post- detariffing, the upcoming probable price war in other fields of insurance, may create a momentum in this section. In future, health insurance premium goes up by another 40 per cent to factor the increased claim ratio of 130 per cent in health insurance, which obviously is unacceptable.⁴²

Sabera (2007), in his paper, highlighted that growing insurance industry has recorded a growth of 16 per cent in the financial year 2005-06. Innovative products, better marketing and aggressive distribution have enabled fledgling private companies to sign up Indian customer faster than expected. The private players are mainly concentrating on customer service. For this, they are looking at delivery channels like call centres, internet, telemarketing and direct marketing. The public sector companies are also identifying new ways to satisfy the needs and will be competing with private players in the near future. There will be a large scope for growth and the industry will become highly competitive.⁴³

Rao (2007), in his article, discussed how the industry performed since liberalization, why the mindset of insurance continued to be premium obsessed, as in the past, and why it was very necessary for them to switch their focus to measuring performance on a different basis for their survival in the market place, that is getting hotter and hotter at a competitive level. And why it was even more important to the

⁴² Banerjee, P.; and Parhi, C.K. (2007), "Health Insurance: Competition among the Players is yet to Touch the Prizing Arena," *Insurance Chronicle*, Feb., pp.45-56.

⁴³ Sabera, (2007), "Privatization of Insurance Industry in India" *Insurance Chronicle* Jan.pp. 36-39.

public sector insurers to get their act together, as not doing so, might hurt them more as continued solvent insurers. The study revealed that non-life insurance industry performed superbly in FY 2006-07 in terms of rising premium volumes, recording its highest growth rate ever of 23 per cent, with an accretion of Rs.4626 crore. The premium volume crossed Rs.25003 crore. The growth rate during FY 2005-06 was 16per cent & during 2004-05 was 12 per cent. The private players whose premium shares in FY 2000-01 was Rs. 500 crore had taken it to Rs.8700 crore, with their market share up from 4 per cent to 35 per cent. It was observed that measuring performance only by monthly premium has lowered the morale of staff. Even after the market was liberalized, this situation has not changed much. ⁴⁴

Capgemine and EFMA (2007), in their quantitative and qualitative research, revealed key themes on which today's insurance is focused. The key issues studied were increasing the emphasis on customer centricity, enabling the distribution network with improved sales & service tools, implementing integrated multi-channel strategies, replacing legacy technology with more flexible systems and improving operational efficiency. The research showed insurers must re-evaluate how they handle customer interactions, align their offering with customer purchasing criteria, hone channel mix and better understand, and act on the drivers of customer satisfaction, loyalty and defection. At the same time, they can optimize the distributor strategy by proactively seeking to retain and attract quality distributors, enable distributors to function more effectively, integrate distributors more deeply into the enterprise, and build an enterprise view of the customer. To integrate systems and enable them free from information throughout the insurance enterprise, insurers

⁴⁴ Rao, C.S. (2007), "Rewarding Reforms", *Asia Insurance Post*, Aug., pp. 19-21.

need to upgrade or replace policy administration systems. Insurers should also explore alternative methods to reduce costs and improve operational efficiency. 45

Jha and Agarwala (2007), in their article, studied the impact and challenges of detariffing in insurance industry. The paper revealed that detariffing creates intense competition, sharp drop in premium, reduction of premium more evident in corporate portfolios, and non-reasonable basis for reduction in premium. In the case of retail/small portfolios, the premium cut was less due to ignorance about detariffing of insurance market, premium reduced irrespective of the quality of risk management, direct impact on the balance-sheet of insurers and review in reinsurance rates by several leading re-insurers etc. They found that the only way out available with the insurance companies will be to vigorously market the policies, create new customer base, spread the net of insurance, not to compromise with quality of risk insured, proper appraisal of risks and motivate the insured to practice risk management. 46

Sethu (2007), in his paper, showed the effect of privatization and globalization on non-life insurance segments. He observed that the current trend in the insurance sector speaks volumes of the unethical practice of insurance and non-maintenance of the principles of insurance prevalent prior to the privatization of insurance in India. The basic principles of insurance are to serve the public for their security without detriment to them. It not only should aim at spreading of insurance all over the country but also promote social security keeping in view the principles of

⁴⁵ Capgemini and EFMA (2007), "Market Mechanics", *Asia Insurance Post*, Vol.VII, Issue7, pp.25-26.

⁴⁶ Jha, B.K.; and Agarwala, R. (2007), "Detariffing in Insurance Industry: Current Scenario and Challenges Ahead", *The Insurance Times*, August, pp. 30- 31.

equity and natural justice, in the interests of all the insuring public. In the initial stage of privatization, the private companies were concentrating more on the creamy business and were indulging in unethical practices to grab the business by hook or crook. The PSU (Non-Life) insurers, on the other hand, having the massive strength of manpower, are unable to match with the private players who have minimum staff strength and a huge technology at their disposal. So PSU insurers are keen to reduce the staff strength by more than 50 per cent to compete with the private players.⁴⁷

Parekh (2007), explained that the face of insurance in India has changed so radically that you cannot recognize it from the past. The changes which have been witnessed in the last seven years are: product innovation, unbundling of features and becoming more customer-responsive. Detarriffing that is being driven by the regulator has presented another huge opportunity to the non-life sector. The insurance industry has been huge contributor to the creation of both direct and indirect employment opportunities.⁴⁸

Rao (2007), in his article said that the credit for the enlargement of the insurance market penetration and density should legitimately go to the private sector and rightful regulation. The increased economic activity coupled with recent reforms in general insurance market would certainly help to expand the market in the years to come. The opening up has augured well for the consumers, who now have access to

⁴⁷ Sethu, P.V. (2007), "Effect of Privatization and Globalization on Insurance Segments a Threat to PSU (Non-life) Insurance, Whether Non-life Insurance Can Do Justice to the Common Masses", *The Insurance Times*, Dec., pp. 23-24.

⁴⁸ Parekh, D. (2007), "Miles to Go", *Asia Insurance Post*, Nov., pp. 25-26.

wide range of new products particularly unit linked products that have attracted the attention of the insured.⁴⁹

Ramana (2007), in his article, observed that in the light of duties and obligations cast on the regulator in respect of protection of policyholders interest, growth and development of insurance business in India. What has been done and achieved till now is only a sound beginning. Much remains to be done to become true to the ideas with which the regulatory body has been conceived and constituted, particularly in the context of economic reforms initiated in our country. With increasing complexity and novelty of business opportunities thrown open to more and more players in the insurance market, the regulatory body too needs to gear up its administrative and regulatory machinery to have in place a more structured, systematic and effective approach to successfully find solutions to more and more challenges and issues in the days to come, as the market is destined to experience extreme aggressive stances both from the existing players and also the new entrants queuing up and knocking the doors of IRDA for the green signal and operational permit.⁵⁰

Athma. P and kumar. R (2007) in the research paper titled “an explorative study of life insurance purchase decision making: influence of product and non-product factors”. The empirical based study conducted on 200 sample size comprising of both rural and urban market. The various product and non-product related factors have been identified and their impact on life insurance purchase decision-making has been analyzed. Based on the survey analysis, urban market is more influenced with

⁴⁹ Rao, G.V. (2007a), "Premium Performance", Vol.VII, Issue 10, *Asia Insurance Post*, May, pp.30-34.

⁵⁰ Ramana, B.V. (2007), "Insurance Regulator : The Emerging Challenges", *Insurance Chronicle*, Oct., pp. 17-23.

product based factors like risk coverage, tax benefits, return etc. Whereas rural population is influenced with non-product related factors such as: credibility of agent, company's reputation, trust, customer services. Company's goodwill and money back guarantee attract many people for life insurance.⁵¹

Chawla and Singh (2008), in their paper, investigated the service quality factors affecting customer satisfaction levels of the policyholders. The data was collected from 210 policyholders belonging to Northern India through a questionnaire. Factor analysis and reliability analysis were carried out to test the data. The results revealed that the accessibility factor has a higher mean satisfaction as compared to mean satisfaction of reliability and assurance factor. The comparison of overall mean satisfaction based on various factors expected showed that respondents who had purchased insurance policies before privatization had a higher mean score as compared to respondents who took insurance policies after privatization.⁵²

Khurana (2008), conducted a survey to identify customers' preferences regarding plans and their purpose of buying insurance policies, their satisfaction level and their future plans for the new insurance policy. The data was collected through a questionnaire filled from 200 customers of Hisar city on the basis of convenience sampling method. The results revealed that the customers still prefer public sector companies to the private sector ones. The main purpose of buying an

⁵¹ Athma, p. And kumar, r. (2007)) " an explorative study of life insurance purchase decision making: influence of product and non-product factors ", icfai journal risk & insurance, vol. Iv, october 2007, pg. No 19-21.

⁵² Chawla, S.; and Singh, F. (2008), "Service Quality Perceptions of Life Insurance Policyholders in Northern India: Pre-privatization vs. Post- privatization", The ICFAI University Journal of Marketing *Management*, Vol.VII, No.4, pp. 24-53.

insurance policy is protection. The survey showed that only 6.3 per cent of the respondents having policies of LIC faced some problems. As high as 56.3 per cent respondents were ready to buy new insurance plans from the same company.⁵³

Girish kumar and Eldhose (2008), published an insurance chronicle ICFAI monthly magazine august 2008. In their paper titled "customer perception on life insurance services: a comparative study of public and private sectors", they explained the importance of quality services and its significance in raising customer satisfaction level. A comparative study of public and private sectors help in understanding the customer perception, satisfaction and awareness on various life insurance services.⁵⁴

Praveen Kumar Tripathi (2008), in his summer training project report titled "customer buying behavior with a focus on market segmentation" conduct a research based study on buying pattern in the insurance industry with a special focus on HDFC Standard Life Insurance. The various segments of the markets divided in terms of insurance needs, age groups, satisfaction levels etc were taken into account to know the customer perception and expectation from private insurers.⁵⁵

Kamble et al. (2009), in their study, analyzed the perception of customers toward e-service quality dimensions. They also evaluated how well these dimensions were being perceived by the customers so as to provide an objective measure of

⁵³ Khurana, S. (2008), "Customer Preferences in Life Insurance Industry in India *ICFAI University Journal of Services Marketing*, Vol. VI, No.3, Sept., pp. 60-68.

⁵⁴ Eldhose.v and kumar. G (2008), "customer perception on life insurance services: a comparative study of public and private sectors", insurance chronicle icfai monthly magazine august 2008, pg. No 32-36.

⁵⁵ Tripathi. P.k (2008), "customer buying behavior with a focus on market segmentation", summer training project, chandigarh business school mohali, page no. 42-46. .

service performance. The first phase of the study identified 10 important dimensions of online service quality, viz. reliability, responsiveness, competence, ease of use, product portfolio, security, website features and access, credibility, completeness of information and sensation. The results indicated that the extent to which current online retailers provided online service attributes were analyzed to be low or moderate on most of the dimensions for both the e-travel and e-mart service providers. The model tested for the relationship between the service quality dimensions and customer satisfaction was found to be conciliated at a low level.⁵⁶

Narayan. H. Jai (2009), in an article has made an emphasis on importance of customer in the business of insurance. He explained in phase of growing market competition, there is an intense need to go beyond mere efficiency in designing products. To understand the customer's needs and to convey what they have to offer would perhaps bring in higher efficiencies in customer service. Insurance business revolves around the customer and fair treatment to customers is need of an hour to win their loyalty and trust. In a service based organizations, customer service is the most dominating feature that differentiate and gives good return to the insurers. Proper dealing with customer complaints, effective customer grievances handling mechanism and fast claim settlement procedure are some of the ways through which satisfaction level of customers can be increased. Hence to serve the customers promptly and effectively is the key success of a life insurance business.⁵⁷

⁵⁶ Kamble, S.S.; Sawhney, S.; and Bansal, R. (2009), "The Relationship between Service Quality Dimensions and Customer Satisfaction in E-Retailing Environment: An Empirical Study on Online Travel and E-Mart Retail". *Advances in Management*, Vol.2, No.3, March, pp. 7-14.

⁵⁷ Narayana. J (2009), "role of crm in life insurance business", *irda journal*, april 2009

N. Namasivayam, S. Rajendran and R. Eswaran (2012) studied the influence of socio-economic factors on attitude of policyholders towards SBI life insurance schemes. The study revealed that socio-economic factors such as age, gender, occupation, nature of family and income levels, play a major role in influencing the preference of policyholders whereas factors like educational level, caste and marital status of the respondents showed that they do not influence the preference of policyholders.⁵⁸

Dr.P.Sheela and G.Arta (2012) stressed that the insurance companies have to understand the changing needs of customers. They have to develop viable and cost-effective distribution channels, build consumer awareness and confidence which will together contribute in further strengthening the insurance business in India. The study revealed that though majority of the respondents are aware of life insurance and its significance, only 41.7% of them have opted for insurance coverage. The study indicated that saving element was the main element that made them to purchase life insurance policies.⁵⁹

Subir Sen (2012) conducted a study on the role of insurance products in channelizing savings into investment in both developed and developing countries. Given the population projections along with the liberalization of markets in the selected emerging economies, the potential for insurance growth lies more in these economies compared to the selected developed countries. The study highlighted a shift in the saving preference and if the trends continue savers will move towards

⁵⁸ Namasivayam.N, S.Rajendran and R.Eswaran (August 2007.), "Attitude of Policyholders towards SBI Life Insurance Schemes", Insurance Chronicle, pp: 61-70.

⁵⁹ P.Sheela & G.Arta (Sep 2007), Awareness of Life Insurance Policies, Insurance Chronicle, pp: 61-67.

insurance products for covering their individual risk, with savings element inbuilt and given the added element of tax relief, if continued.⁶⁰

Walter and Thomas in their book (2012) - “safeguarding life insurance proceeds” discussed the important aspects to be kept in mind by an insurance company to safeguard the money collected from insuring public. The authors adopted the policyholder’s point of view while suggesting ways to safeguard the life insurance business.⁶¹

⁶⁰ Subir Sen (July 2006), “Economic Importance of Life Insurance Reserves over Premiums”, the Icfai Journal Of Risk & Insurance, Vol Iii No.3, Pp: 28-40.

⁶¹ Walter J Wheeler And Thomas Lea Todd(1940), “Safeguarding Life Insurance Proceeds” McGraw- Hill Insurance Series, McGraw- Hill Book Company, Inc, Network.

CHAPTER – III
PROFILE OF THE STUDY UNIT

- 3.1 INTRODUCTION**
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CHAPTER –III

PROFILE OF THE STUDY UNIT

3.1 INTRODUCTION

Life insurance is a contract for payment of a sum of money to the person assured on the happening of the event insured. Usually the contract provides for the payment of an amount on the date at periodic intervals or at specified dates at periodic intervals or at unfortunate death, if it occurs earlier among other things the contract also provides for the payment of premium periodically to the corporation by the assured. Life insurance is universally acknowledged to be an institution, which eliminates risk substituting certainty for uncertainty and comes to the timely aid of the family in the unfortunate event of death of the breadwinner by and large, life insurance is vindication's partial solution to the problems caused by death.

Life insurance, in short is concerned with two hazards that stand across the life path of every person that of dying prematurely leaving a dependent family to fend for itself and that of living to old age without visible means of support.

The Life Insurance Corporation of India (LIC) is the largest life insurance company in India and also the country's largest investor. It is fully owned by the Government of India. It also funds close to 24.6% of the Indian Government's expenses. It was founded in 1956. Headquartered in Mumbai, which is considered the financial capital of India, the Life Insurance Corporation of India currently has 8 zonal Offices and 101 divisional offices located in different parts of India, at least 2048 branches located in different cities and towns of India along with satellite Offices attached to about some 50 Branches, and has a network of around one million and 200 thousand agents for soliciting life insurance business from the public.

3.2 TYPES OF INSURANCE

Any risk that can be quantified can potentially be insured. Specific kinds of risk that may give rise to claims are known as "perils". An insurance policy will set out in detail which perils are covered by the policy and which is not. Below are (non-exhaustive) lists of the many different types of insurance that exist. A single policy may cover risks in one or more of the categories set out below. For example, auto insurance would typically cover both property risk (covering the risk of theft or damage to the car) and liability risk (covering legal claims from causing an accident). A homeowner's insurance policy in the U.S. typically includes property insurance covering damage to the home and the owner's belongings, liability insurance covering certain legal claims against the owner, and even a small amount of coverage for medical expenses of guests who are injured on the owner's property.

Business insurance can be any kind of insurance that protects businesses against risks. Some principal subtypes of business insurance are (a) the various kinds of professional liability insurance, also called professional indemnity insurance, which are discussed below under that name; and (b) the business owner's policy (BOP), which bundles into one policy many of the kinds of coverage that a business owner needs, in a way analogous to how homeowners insurance bundles the coverage's that a homeowner needs.

3.2.1 AUTO INSURANCE

Auto insurance protects you against financial loss if you have an accident. It is a contract between you and the insurance company. You agree to pay the premium and the insurance company agrees to pay your losses as defined in your policy. Auto insurance provides property, liability and medical coverage:

1. Property coverage pays for damage to or theft of your car.
2. Liability coverage pays for your legal responsibility to others for bodily injury or property damage.
3. Medical coverage pays for the cost of treating injuries, rehabilitation and sometimes lost wages and funeral expenses.

An auto insurance policy is comprised of six different kinds of coverage. Most countries require you to buy some, but not all, of these coverage's. If you're financing a car, your lender may also have requirements.

Most auto policies are for six months to a year. Your insurance company should notify you by mail when it's time to renew the policy and to pay your premium.

3.2.2 HOME INSURANCE

Home insurance provides compensation for damage or destruction of a home from disasters. In some geographical areas, the standard insurances exclude certain types of disasters, such as flood and earthquakes that require additional coverage. Maintenance-related problems are the homeowners' responsibility. The policy may include inventory, or this can be bought as a separate policy, especially for people who rent housing. In some countries, insurers offer a package which may include liability and legal responsibility for injuries and property damage caused by members of the household, including pets.

3.2.3 HEALTH INSURANCE

Health insurance policies by the National Health Service in the United Kingdom (NHS) or other publicly-funded health programs will cover the cost of

medical treatments. Dental insurance, like medical insurance, is coverage for individuals to protect them against dental costs. In the U.S., dental insurance is often part of an employer's benefits package, along with health insurance.

3.2.4 DISABILITY INSURANCE

- i. Disability insurance policies provide financial support in the event the policyholder is unable to work because of disabling illness or injury. It provides monthly support to help pay such obligations as mortgages and credit cards.
- ii. Disability overhead insurance allows business owners to cover the overhead expenses of their business while they are unable to work.
- iii. Total permanent disability insurance provides benefits when a person is permanently disabled and can no longer work in their profession, often taken as an adjunct to life insurance.
- iv. Workers' compensation insurance replaces all or part of a worker's wages lost and accompanying medical expenses incurred because of a job-related injury.

3.2.5 CASUALTY INSURANCE

Casualty insurance insures against accidents, not necessarily tied to any specific property.

1. Crime insurance is a form of casualty insurance that covers the policyholder against losses arising from the criminal acts of third parties. For example, a company can obtain crime insurance to cover losses arising from theft or embezzlement.

2. Political risk insurance is a form of casualty insurance that can be taken out by businesses with operations in countries in which there is a risk that revolution or other political conditions will result in a loss.

3.2.6 LIFE INSURANCE

Life insurance provides a monetary benefit to a decedent's family or other designated beneficiary, and may specifically provide for income to an insured person's family, burial, funeral and other final expenses. Life insurance policies often allow the option of having the proceeds paid to the beneficiary either in a lump sum cash payment or an annuity.

Annuities provide a stream of payments and are generally classified as insurance because they are issued by insurance companies and regulated as insurance and require the same kinds of actuarial and investment management expertise that life insurance requires. Annuities and pensions that pay a benefit for life are sometimes regarded as insurance against the possibility that a retiree will outlive his or her financial resources. In that sense, they are the complement of life insurance and, from an underwriting perspective, are the mirror image of life insurance.

Certain life insurance contracts accumulate cash values, which may be taken by the insured if the policy is surrendered or which may be borrowed against. Some policies, such as annuities and endowment policies, are financial instruments to accumulate or liquidate wealth when it is needed.

3.3 BRIEF HISTORY OF INSURANCE

The story of insurance is probably as old as the story of mankind. The same instinct that prompts modern businessmen today to secure themselves against loss and disaster existed in primitive men also. They too sought to avert the evil consequences of fire and flood and loss of life and were willing to make some sort of sacrifice in order to achieve security. Though the concept of insurance is largely a development of the recent past, particularly after the industrial era – past few centuries – yet its beginnings date back almost 6000 years.⁶²

Life Insurance in its modern form came to India from England in the year 1818. Oriental Life Insurance Company started by Europeans in Calcutta was the first life insurance company on Indian Soil. All the insurance companies established during that period were brought up with the purpose of looking after the needs of European community and Indian natives were not being insured by these companies. However, later with the efforts of eminent people like Babu Muttylal Seal, the foreign life insurance companies started insuring Indian lives. But Indian lives were being treated as sub-standard lives and heavy extra premiums were being charged on them. Bombay Mutual Life Assurance Society heralded the birth of first Indian life insurance company in the year 1870, and covered Indian lives at normal rates. Starting as Indian enterprise with highly patriotic motives, insurance companies came into existence to carry the message of insurance and social security through insurance to various sectors of society. Bharat Insurance Company (1896) was also one of such companies inspired by nationalism. The Swadeshi movement of 1905-1907 gave rise to more insurance companies. The United India in Madras, National Indian and

⁶² <http://www.licindia.com/history.htm>

National Insurance in Calcutta and the Co-operative Assurance at Lahore were established in 1906. In 1907, Hindustan Co-operative Insurance Company took its birth in one of the rooms of the Jorasanko, house of the great poet Rabindranath Tagore, in Calcutta. The Indian Mercantile, General Assurance and Swadeshi Life (later Bombay Life) were some of the companies established during the same period. Prior to 1912 India had no legislation to regulate insurance business. In the year 1912, the Life Insurance Companies Act, and the Provident Fund Act were passed. The Life Insurance Companies Act, 1912 made it necessary that the premium rate tables and periodical valuations of companies should be certified by an actuary. But the Act discriminated between foreign and Indian companies on many accounts, putting the Indian companies at a disadvantage. The first two decades of the twentieth century saw lot of growth in insurance business. From 44 companies with total business-in-force as Rs.22.44 crore, it rose to 176 companies with total business-in-force as Rs.298 crore in 1938. During the mushrooming of insurance companies many financially unsound concerns were also floated which failed miserably. The Insurance Act 1938 was the first legislation governing not only life insurance but also non-life insurance to provide strict state control over insurance business. The demand for nationalization of life insurance industry was made repeatedly in the past but it gathered momentum in 1944 when a bill to amend the Life Insurance Act 1938 was introduced in the Legislative Assembly. However, it was much later on the 19th of January, 1956, that life insurance in India was nationalized. About 154 Indian insurance companies, 16 non-Indian companies and 75 provident were operating in India at the time of nationalization. Nationalization was accomplished in two stages; initially the management of the companies was taken over by means of an Ordinance, and later, the ownership too by means of a comprehensive bill. The Parliament of

India passed the Life Insurance Corporation Act on the 19th of June 1956, and the Life Insurance Corporation of India was created on 1st September, 1956, with the objective of spreading life insurance much more widely and in particular to the rural areas with a view to reach all insurable persons in the country, providing them adequate financial cover at a reasonable cost.

LIC had 5 zonal offices, 33 divisional offices and 212 branch offices, apart from its corporate office in the year 1956. Since life insurance contracts are long term contracts and during the currency of the policy it requires a variety of services need was felt in the later years to expand the operations and place a branch office at each district headquarter. Re-organization of LIC took place and large numbers of new branch offices were opened. As a result of re-organization servicing functions were transferred to the branches, and branches were made accounting units. It worked wonders with the performance of the corporation. It may be seen that from about 200.00 crores of New Business in 1957 the corporation crossed 1000.00 crores only in the year 1969-70, and it took another 10 years for LIC to cross 2000.00 crore mark of new business. But with re-organization happening in the early eighties, by 1985-86 LIC had already crossed 7000.00 crore Sum Assured on new policies.

Today LIC functions with 2048 fully computerized branch offices, 100 divisional offices, 7 zonal offices and the corporate office. LIC's Wide Area Network covers 100 divisional offices and connects all the branches through a Metro Area Network. LIC has tied up with some Banks and Service providers to offer on-line premium collection facility in selected cities. LIC's ECS and ATM premium payment facility is an addition to customer convenience. Apart from on-line Kiosks and IVRS, Info Centres have been commissioned at Mumbai, Ahmadabad, Bangalore, Chennai,

Hyderabad, Kolkata, New Delhi, Pune and many other cities. With a vision of providing easy access to its policyholders, LIC has launched its SATELLITE SAMPARK offices. The satellite offices are smaller, leaner and closer to the customer. The digitalized records of the satellite offices will facilitate anywhere servicing and many other conveniences in the future.

LIC continues to be the dominant life insurer even in the liberalized scenario of Indian insurance and is moving fast on a new growth trajectory surpassing its own past records. LIC has issued over one crore policies during the current year. It has crossed the milestone of issuing 1,01,32,955 new policies by 15th Oct, 2005, posting a healthy growth rate of 16.67% over the corresponding period of the previous year.

From then to now, LIC has crossed many milestones and has set unprecedented performance records in various aspects of life insurance business. The same motives which inspired our forefathers to bring insurance into existence in this country inspire us at LIC to take this message of protection to light the lamps of security in as many homes as possible and to help the people in providing security to their families.

Some of the important milestones in the life insurance business in India are:

1818: Oriental Life Insurance Company, the first life insurance company on Indian soil started functioning.

1870: Bombay Mutual Life Assurance Society, the first Indian life insurance company started its business.

1912: The Indian Life Assurance Companies Act enacted as the first statute to regulate the life insurance business.

1928: The Indian Insurance Companies Act enacted to enable the government to collect statistical information about both life and non-life insurance businesses.

1938: Earlier legislation consolidated and amended to by the Insurance Act with the objective of protecting the interests of the insuring public.

1956: 245 Indian and foreign insurers and provident societies are taken over by the central government and nationalized. LIC formed by an Act of Parliament, viz. LIC Act, 1956, with a capital contribution of Rs. 5 crore from the Government of India.

The General insurance business in India, on the other hand, can trace its roots to the Triton Insurance Company Ltd., the first general insurance company established in the year 1850 in Calcutta by the British.

Some of the important milestones in the general insurance business in India are:

1907: The Indian Mercantile Insurance Ltd. set up, the first company to transact all classes of general insurance business.

1957: General Insurance Council, a wing of the Insurance Association of India, frames a code of conduct for ensuring fair conduct and sound business practices.

1968: The Insurance Act amended to regulate investments and set minimum solvency margins and the Tariff Advisory Committee set up.

1972: The General Insurance Business (Nationalisation) Act, 1972 nationalised the general insurance business in India with effect from 1st January 1973.

107 insurers amalgamated and grouped into four company's viz. the National Insurance Company Ltd., the New India Assurance Company Ltd., the Oriental Insurance Company Ltd. and the United India Insurance Company Ltd. GIC incorporated as a company.

3.4 OBJECTIVES OF LIC OF INDIA

- i. Spread Life Insurance widely and in particular to the rural areas and to the socially and economically backward classes with a view to reaching all insurable persons in the country and providing them adequate financial cover against death at a reasonable cost.
- ii. Maximize mobilization of people's savings by making insurance-linked savings adequately attractive.
- iii. Bear in mind, in the investment of funds, the primary obligation to its policyholders, whose money it holds in trust, without losing sight of the interest of the community as a whole; the funds to be deployed to the best advantage of the investors as well as the community as a whole, keeping in view national priorities and obligations of attractive return.
- iv. Conduct business with utmost economy and with the full realization that the money belong to the policyholders.
- v. Act as trustees of the insured public in their individual and collective capacities.
- vi. Meet the various life insurance needs of the community that would arise in the changing social and economic environment.

- vii. Involve all people working in the Corporation to the best of their capability in furthering the interests of the insured public by providing efficient service with courtesy.
- viii. Promote amongst all agents and employees of the Corporation a sense of participation, pride and job satisfaction through discharge of their duties with dedication towards achievement of Corporate Objective.⁶³

3.5 ORGANIZATIONAL STRUCTURE AND OPERATION OF LIC OF ALL OVER INDIA

The organization having such a huge size has to have a well defined hierarchical structure and LIC is not an exception to this fact. A well defined proper organization structure with officials with exact knowledge of their duties is a must for an organization to prosper. LIC has vast network offices across the country and abroad so it has defined and maintained its organizational structure in the following way. LIC has its main central head office at 'Yogaakshema' Jeevan bima marg at Mumbai. Then it is followed by eight zonal offices namely central zone, eastern zone, east central zone, northern zone, north central zone, southern zone, south central zone, western zone respectively. After these eight zonal offices there are several divisional offices under each zonal office and these divisional offices are mostly in each big city. At last comes the branch office and there are several branch offices under each divisional office.

At all the branch offices there is a branch manager and several departments and the major function of these branch offices is sales and servicing of the policies. In a branch office the top most is a branch manager and under his control seven different departments with each of these departments functioning independently to each other.

⁶³ ⁶³ <http://www.licindia.com/objectives.htm>

These seven departments are as follows Claims, Sales, New Business, Office Service, Micro, Accounts and Policy Service.



3.6 LIFE INSURANCE COMPANIES IN INDIA

Currently there are 24 life insurance companies undertaking life insurance business in India. Government owned Public Sector Company, Life Insurance Corporation of India is the largest life insurer in the country. The Indian Insurance sector underwent several phases and changes, in 1999, when the Government of India opened up the insurance sector for private companies to solicit insurance, allowing FDI up to 26%, the Insurance sector in India is grew by leaps and bounds. The following are the details of the life insurance companies in India.

3.6.1 LIST OF PRIVATE LIFE INSURANCE COMPANIES IN INDIA

1. Bajaj Allianz Life Insurance Company Limited
2. Birla Sun Life Insurance Co. Ltd
3. HDFC Standard Life Insurance Co. Ltd
4. ICICI Prudential Life Insurance Co. Ltd.
5. ING Vysya Life Insurance Company Ltd.
6. Max New York Life Insurance Co. Ltd
7. Met Life India Insurance Company Ltd.
8. Kotak Mahindra Old Mutual Life Insurance Limited
9. SBI Life Insurance Co. Ltd
10. Tata AIG Life Insurance Company Limited
11. Reliance Life Insurance Company Limited.
12. Aviva Life Insurance Co. India Pvt. Ltd.
13. Sahara India Life Insurance Co, Ltd.
14. Shriram Life Insurance Co, Ltd.
15. Bharti AXA Life Insurance Company Ltd.
16. Future General Life Insurance Company Ltd.
17. IDBI Fortis Life Insurance Company Ltd.
18. Canara HSBC Oriental Bank of Commerce Life Insurance Co. Ltd
19. AEGON Religare Life Insurance Company Limited.
20. DLF Pramerica Life Insurance Co. Ltd.
21. Star Union Dai-ichi Life Insurance Comp. Ltd
22. Edelweiss Tokio Life Insurance

The market share for LIC is 90 per cent and other players share only the remaining 10 per cent.

1. Bajaj Allianz Life Insurance Company Ltd

Bajaj Allianz is the joint venture of Bajaj Finserv-India's financial service giant and Allianz SE- Germany's financial services provider. Registered in 2001, Bajaj Allianz Life Insurance Company has become one of the top most life insurance brands in India. Bajaj Allianz Life Insurance Company aims to ensure excellent insurance and investment solutions by offering customized products, supported by the best technology.

2. Birla Sun Life Insurance Co. Ltd

Birla Sun Life Insurance Company Ltd. is a joint venture company between Aditya Birla Group and Sun Life Financial Inc. of Canada. Birla Sun Life offers a broad array of life insurance products to meet the actual needs and expectations of individuals and groups through a multi channel distribution network across the country. Birla Sun Life Insurance is distinguished as the first financial solutions company to introduce 'Business Continuity Plan', the 'Free Look Period' and 'Unit Linked Life Insurance Plans' in the Indian insurance.

3. HDFC Life Insurance Co. Ltd

HDFC Life Insurance Co. Ltd is a joint venture between the Indian housing finance institution, Housing Development Finance Corporation Limited or HDFC Ltd. and a Group company of Standard Life, UK. These two giants from India and UK joined hands together on 31st December 2007. HDFC Life Insurance is one of the top most life insurance companies in India; its venture is strong and has a good backing. HDFC Standard Life has about 568 branches and is present in over 700 cities and towns.

4. ICICI Prudential Life Insurance Co. Ltd

ICICI Prudential is one of the leading life insurance companies in India. ICICI Prudential Life Insurance Company is a joint venture company formed between the ICICI Bank, one of India's largest and most successful private financial services company and Prudential Plc., a leading international financial services group headquartered in the United Kingdom.

5. ING Vysya Life Insurance Company Ltd

ING Life Insurance Company is the joint venture between ING Insurance International B.V. and Exide Industries. ING is based out of Bangalore and has recently completed 10 years of operation in India. This company marked the entrance of Exide Industries Limited, India's largest producer of automotive and industrial batteries, into the insurance arena. ING hold 26% equity in this venture with Exide owning 50% and miscellaneous shareholders having the remaining 24%.

6. Max New York Life Insurance Co. Ltd

Max New York Life is a joint venture company formed between New York Life, a Fortune 100 company and Max India Limited. Max New York Life started its commercial operations in the year 2001. It is the first life insurance company in India to be awarded the ISO 9001:2000 certifications.

7. Met Life India Insurance Company Ltd.

MetLife India Insurance Co. Ltd is a joint venture between MetLife International Holdings Inc. and its Indian partners including J & k Bank, M. Pallonji and Co, Karnataka Bank, Karvy Consultants, Geojit Securities, Way2Wealth, Bonanza Insurance (Pvt) Ltd. and Mini Muthoothu.

8. Kotak Mahindra Old Mutual Life Insurance Ltd.

Kotak Life Insurance Company is a joint venture company between Kotak Mahindra Bank Ltd and Old Mutual plc. Kotak Mahindra is India's leading financial institution which offers a range of financial services ranging from commercial banking, stock broking to mutual funds, life insurance and investment banking.

9. SBI Life Insurance Co. Ltd

SBI Life Insurance Company Limited is a joint venture between the State Bank of India and BNP Paribas Assurance. State Bank of India owns 74% and BNP Paribas Assurance holds the remaining 26% of the stake of the joint venture.

10. Tata AIG Life Insurance Company Ltd

Tata AIG Life Insurance Company Limited is a joint venture between Tata Group and the renowned American International Group, Inc. This insurance firm got its license to operate in India on February 12, 2001 and finally started operations on April 1, 2001.

11. Reliance Life Insurance Company Ltd.

Reliance Life Insurance Company Ltd. is a wholly owned Indian company and an associate of Reliance Capital Ltd., a part of Reliance - Anil Dhirubhai Ambani Group. This Group have its presence in Communications, Energy, Natural Resources, Media, Entertainment, Healthcare and Infrastructure segments in India.

12. Aviva Life Insurance Company India Ltd

Aviva Life Insurance Company India Pvt. Ltd is a well-known name among the several life insurance companies in India. Aviva pioneered the idea of Bancassurance and Financial Health Check-ups in India. It is a joint venture between

Dabur Group, India's leading producer of health care products and Aviva Group, which is one of UK's leading insurance provider.

13. Sahara India Life Insurance Co Ltd.

Sahara Life is the one and only life insurance Company which is wholly owned by Indians, without any foreign collaboration in the private sector. Sahara Life Insurance Company came into force on 6 February 2004. The head office is based out of Lucknow.

14. Shriram Life Insurance Co Ltd.

Shriram Life Insurance Company Ltd. is a joint venture of the Shriram Group and Sanlam a South African firm holding 26 per cent stake. It is one of the new entrants amongst other life insurance companies in India.

15. Bharti AXA Life Insurance Company Ltd.

Bharti AXA Life Insurance is a joint venture alliance between Bharti, one of India's leading groups with interests in telecom, agriculture business and retail, and AXA, a Paris Headquartered Company is a world leader in financial protection and wealth management.

16. Future Generali India Life Insurance Company Ltd.

Future Generali India Life Insurance Company Ltd. is a joint venture between the Future Group of industries, an Indian Company and Generali group, a Italy based Company. The Generali Group is a major participant in global market of insurance and financial product. Generali is the largest corporation in Italy. Future Group, led by its founder and Group CEO, Mr. Kishore Biyani, is one of India's leading business houses with multiple businesses spanning across the retail space.

17. IDBI Federal Life Insurance Company Ltd.

IDBI Federal Life Insurance Company Ltd. Established in March 2008, IDBI Federal Life Life Insurance Company, formally IDBI Fortis Life Insurance is a joint venture between three major companies- IDBI Bank- India's premiere industrial bank, Federal bank – private sector bank and Ageas - international insurance company operating out of Europe. IDBI Bank holds 48% equity whereas Federal and Ageas hold 26% of equity each.

18. Canara HSBC Oriental Bank of Commerce Life Insurance Company Ltd.

Canara HSBC Oriental Bank of Commerce Life Insurance Company (Canara HSBC) is backed by two of India's largest nationalized banks, Canara Bank and the Oriental bank joining hands with one of the world's largest banking and financial services organization, HSBC.

19. AEGON Religare Life Insurance Company Ltd.

Aegon Religare is a joint venture between joint venture between Aegon, an international life insurance and Pension Company and Religare a global financial services group and Bennett, Coleman & company, a media group. The company is headquartered in Mumbai and launched its operations in July 2008. Aegon Religare Life Insurance Company is a pioneer in launching online term insurance plans in the market.

20. Pramerica Life Insurance Co. Ltd.

DLF Pramerica Life Insurance Company Limited is a joint venture between DLF Limited and Prudential International Insurance Holdings, Ltd. The Company is headquartered in Gurgaon.

21. Star Union Dai-ichi Life Insurance Co. Ltd.

Star Union Dai-ichi Life Insurance Company is a Joint Venture by Bank of India and Union Bank of India and Dai-ichi Mutual Life Insurance Company, leading Japanese Company in the Life Insurance market. The company is headquartered in Mumbai.

22. India First Life Insurance Company Ltd.

India First Life Insurance a joint venture of Bank of Baroda, Andhra Bank and Legal & General of UK. Its headquarters is located in Mumbai. Bank of Baroda holds a 44 per cent stake in India First, while Andhra Bank and Legal & General hold a 30 per cent and 26 per cent stake respectively. It is one of the youngest life insurance companies in India

23. Edelweiss Tokio Life Insurance Co. Ltd.

Edelweiss Tokio Life Insurance Company is a 74%: 24% joint venture between Edelweiss, one of the leading financial services company in India and Tokio Marine, a growing life insurance company in Japan.

3.7 GROWTH OF INDIAN INSURANCE INDUSTRIES

The life insurance companies have performed the best when it comes to growth with an increase of almost 70% in new premium that has been collected in the initial 5 months of 2012. As per IRDA data, in April-August 2010 the insurance companies earned \$11.73 billion in new premium - in the corresponding period in the previous year the amount stood at 6.9 billion dollars. LIC, a state held insurer, had been the biggest profit maker at that time with an addition of 88% to their existing business. The privately owned insurers together had seen a leap of 34% to their policy

sales. ICICI Prudential earned 576.60 million dollars at that time. During April-August 2009 SBI Life had earned \$379.20 million in sales of new policies and that figure went up to \$531.87 million in the corresponding period in 2010 making it an increase of 40%. HDFC Standard Life also experienced a good growth of 54% in new sales.

IRDA data shows that between April and October 2010 the general insurance industry experienced a year-on-year growth of 22.76% with regards to underwritten gross premium. The total value of that premium was 5.29 billion dollars while the same figure stood at \$4.31 billion in April-October 2009. For the public sector companies the year-on-year growth rate was 21.09 per cent between April-October 2010 and April-October 2009.

In the same period the privately held insurers saw an increase of 25.19 per cent in terms of premium collected. Among the publicly owned entities, New India Insurance was one of the better performers with a premium income of 916.77 million dollars in April-October 2010. At the same period in 2009 they had earned 770.25 million dollars which implies a growth rate of 19.04%. The IRDA Summary Report of Motor Data of Public and Private Sector Insurers 2009-10 states that in the same period almost 28.4 million policies were sold and the aggregate worth of premium collected was \$2.31 billion. The health insurance sector, according to the RNCOS' research report named "Booming Health Insurance in India" posted unprecedented growth rates in 2008-09 and 2009-10. The report also estimates that between the 2009-10 and 2013-14 the sector would see a compound annual growth rate (CAGR) of at least 25%.

The following table shows the market share of top insurers in India in the period till April 2011:

Company	Approximate market share
LIC	50%
ICICI	10%
SBI	5%
Bajaj	4%
Reliance	5%
HDFC	6%
Birla	4%
Max New York	3%
Tata	2%
Met Life	1%
Kotak	2%
Others	8%

Experts are of the opinion that around the world the insurance industry contributes around 4.5% to national GDPs. They have questioned the logicity of opinions that in India the contribution can be higher saying that there are other important sectors like education, defense, and health that cannot be undermined in this

context. They have ruled out possibilities that the sector can contribute 10% to India's GDP. The Chairman of IRDA, Hari Narayan has ruled out any such possibility asking if India's GDP growth will be that much in the next few years ahead.

The IRDA states that in India land and gold are more preferred as forms of investment. Narayan feels that if the insurance sector is to do well in terms of contribution to GDP then more people should be convinced about its capability to provide good ROI (return on investment).

3.8 INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY

The IRDA Act, 1999 was passed as per the major recommendation of the Malhotra Committee report (1994) which recommended the establishment of an independent regulatory authority for insurance sector in India. Later, it was incorporated as a statutory body in April, 2000. The IRDA Act, 1999 also allows private players to enter the insurance sector in India besides a maximum foreign equity of 26 per cent in a private insurance company having operations in India. Considering some of the emerging requirements of the Indian insurance industry, IRDA was amended in 2002. As stated in the act mission of IRDA is "to protect the interests of the policyholders, to regulate, promote and ensure orderly growth of the insurance industry and for matters connected therewith or incidental thereto." Indian insurance industry is regulated by the terms and conditions of the IRDA. Indian law has certain expectations from the IRDA to perform in the Indian insurance industry. IRDA should protect the interest of policyholders by ensuring fair treatment by the insurance companies. The growth of insurance companies in a speedy and orderly manner should be taken care by the IRDA. It should monitor and implement quality competence and fair dealing of the insurance companies in the industry. IRDA should

make sure that the insurers are providing precise and correct information about the products offered by them for the insurance customers. IRDA should also ensure speedy settlement of genuine claims of the policyholders and prevent malpractices in the process of claims settlement. IRDA controls all the Insurance business in India. They are setting structure and boundaries for the insurance companies to act upon. Starting from licensing to approving the products, IRDA directs the companies in India. They also protect customer interests in the country. As per current guidelines issued by IRDA, Insurance Companies are not permitted to invest in Indian Depository Receipts (IDR), while they are permitted to invest in Equity shares/ Bonds/ Debentures. IRDA needs to remove this disparity to open up investment opportunity by Insurance Companies and thereby also enhance the liquidity of IDRs (Contributed by Sanjay Banka, FCA FCS) Hence, the present work made an attempt to study the Role of IRDA in Indian Insurance sector.

The regulatory body for insurance IRDA has been established with the following mission "To protect the interests of the policyholders, to regulate, promote and ensure orderly growth of the insurance industry and for matters connected therewith or incidental thereto."

3.9 INSURANCE PRODUCTS OFFERED BY LIC OF INDIA

As individuals it is inherent to differ. Each individual's insurance needs and requirements are different from that of the others. LIC's Insurance Plans are policies that talk to you individually and give you the most suitable options that can fit your requirement.



Bima Account Plans

- ▶ Bima Account 1
- ▶ Bima Account 2



Endowment Plus

- ▶ Endowment Plus



Children Plans

- ▶ Jeevan Anurag
- ▶ CDA Endowment Vesting At 21
- ▶ CDA Endowment Vesting At 18
- ▶ Jeevan Kishore
- ▶ Child Career Plan
- ▶ Jeevan Ankur
- ▶ Komal Jeevan
- ▶ Marriage Endowment Or
- ▶ Educational Annuity Plan
- ▶ Jeevan Chhaya
- ▶ Child Future Plan



Plans For Handicapped Dependents

- ▶ Jeevan Aadhar
- ▶ Jeevan Vishwas



Endowment Assurance Plans

- ▶ The Endowment Assurance Policy
- ▶ The Endowment Assurance Policy-Limited Payment
- ▶ Jeevan Mitra(Double Cover Endowment Plan)

- Jeevan Mitra(Triple Cover Endowment Plan)
- Jeevan Anand
- New Janaraksha Plan
- Jeevan Amrit



Plans for high worth individuals

- Jeevan Shree-I
- Jeevan Pramukh



Money Back Plans

- The Money Back Policy-20 Years
- The Money Back Policy-25 Years
- Jeevan Surabhi-15 Years
- Jeevan Surabhi-20 Years
- Jeevan Surabhi-25 Years
- Bima Bachat



Special Money Back Plan for Women

- Jeevan Bharati - I



Whole Life Plans

- The Whole Life Policy
- The Whole Life Policy- Limited Payment
- The Whole Life Policy- Single Premium
- Jeevan Anand
- Jeevan Tarang



Term Assurance Plans

- Two Year Temporary Assurance Policy
- The Convertible Term Assurance Policy
- Anmol Jeevan-I
- Amulya Jeevan-I



Joint Life Plan

- Jeevan Saathi

3.9.1 BIMA ACCOUNT PLANS

Bima Account Plan- I

As the name explains “LIC’s Bima Account – I ” is a simple non-linked plan under which one can be covered without undergoing any medical examination subject to certain conditions. This plan offers everything one think of an insurance plan such as simplicity, liquidity, guaranteed minimum return, and risk cover

Bima Account Plat - II

“LIC’s Bima Account - II” is a simple non-linked plan which offers you everything one think of an insurance plan such as simplicity, liquidity, guaranteed minimum return, transparent charges.

Under this plan, the premiums paid by the insured, after deduction of charges, will be credited to the Policyholder’s Account maintained separately for each policyholder. The risk cover will be provided by deduction of mortality charges from the Policyholder’s Account. If all due premiums are paid, the amount held in the policyholder’s account will earn an annual interest rate of 6% p.a. which will be guaranteed for whole of the policy term. In addition to this guaranteed return, if all

due premiums are paid, the policyholder's account may earn an additional return depending upon the experience under this plan.

3.9.2 ENDOWMENT PLUS

Endowment plan

This is a unit linked endowment plan which offers investment cum insurance cover during the term of the policy. One can choose the level of insurance cover within the limits, which will depend on the mode and level of premium the policyholder agree to pay. The policyholders have a choice of investing their premiums in one of the four types of investment funds available. Premiums paid after deduction of allocation charge will purchase units of the fund type chosen. The unit fund is subject to various charges and value of units may increase or decrease, depending on the Net Asset Value (NAV).

3.9.3 CHILDREN PLANS

These are savings-cum-life insurance policies, where the policyholder is the parent and the beneficiary is the child. So that in case of the death of the parent, in most policies the premium payment is waived and then all the benefits are paid as it is as promised in the policy. In case if the parent is alive, the sum assured along with the accrued bonus is paid. These plans are available in the form of traditional plans as well as ULIPs.

Jeevan ANURAG

LIC's Jeevan ANURAG is a with profits plan specifically designed to take care of the educational needs of children. The plan can be taken by a parent on his or her own life. Benefits under the plan are payable at prespecified durations irrespective

of whether the Life Assured survives to the end of the policy term or dies during the term of the policy. In addition, this plan also provides for an immediate payment of Basic Sum Assured amount on death of the Life Assured during the term of the policy.

CDA Endowment Vesting At 21

This is an Endowment Assurance plan designed to enable a parent or a legal guardian or any near relative of the child (called proposer) to provide insurance cover on the life of the child (called life assured). The plan has two stages, one covering the period from the date of commencement of policy to the Deferred Date (called deferment period) and the other covering the period from the Deferred Date to the date of maturity. The insurance cover on the child's life starts from the Deferred Date and is available during the latter period. The Deferred Date in case of Plan No 41 is the policy anniversary date coinciding with or next following the date on which the child completes 21 years of age. In case of Plan No 50 it is the policy anniversary date coinciding with or next following the 18th birthday of the child.

CDA Endowment Vesting At 18

This is an Endowment Assurance plan designed to enable a parent or a legal guardian or any near relative of the child (called proposer) to provide insurance cover on the life of the child (called life assured). The plan has two stages, one covering the period from the date of commencement of policy to the Deferred Date (called deferment period) and the other covering the period from the Deferred Date to the date of maturity. The insurance cover on the child's life starts from the Deferred Date and is available during the latter period.

The Deferred Date in case of Plan No 41 is the policy anniversary date coinciding with or next following the date on which the child completes 21 years of

age. In case of Plan No 50 it is the policy anniversary date coinciding with or next following the 18th birthday of the child.

Jeevan Kishore

This is an Endowment Assurance Plan available for children of less than 12 years of age. The policy may be purchased by any of the parent/grandparent.

Child Career Plan

This plan is specially designed to meet the increasing educational and other needs of growing children. It provides the risk cover on the life of child not only during the policy term but also during the extended term (i.e. 7 years after the expiry of policy term). A number of Survival benefits are payable on surviving by the life assured to the end of the specified durations.

LIC's Jeevan Ankur

LIC's Jeevan Ankur is a conventional with profits plan, specially designed to meet the educational and other needs of the policyholder's child. If you are the parent of a child aged upto 17 years, LIC's Jeevan Ankur is the most suitable insurance plan for you which ensures that the responsibilities are met whether policyholder survive or not and without depending on anyone else.

The risk cover under this plan will be on one's life as a parent and the named child shall be the nominee under the plan. The policy term shall be based on the age at maturity of the child.

Komal Jeevan

This is a Children's Money Back Plan that provides financial protection against death during the term of plan with periodic payments on survival at specified durations. This plan can be purchased by any of the parent or grandparent for a child aged 0 to 10 years.

Marriage endowment or Educational Annuity Plan

This is an Endowment Assurance plan that provides for benefits on or from the selected maturity date to meet the Marriage/Educational expenses of the named child.

Jeevan Chhaya

This is an Endowment Assurance plan that provides financial protection against death throughout the term of the plan. Besides payment of Sum Assured immediately on death, one-fourth of Sum Assured is payable at the end of each of last four years of policy term whether the life assured dies or survives the term of the policy.

Child Future plan

This plan is specially designed to meet the increasing educational, marriage and other needs of growing children. It provides the risk cover on the life of child not only during the policy term but also during the extended term (i.e. 7 years after the expiry of policy term). A number of Survival benefits are payable on surviving by the life assured to the end of the specified durations.

3.9.4 PLANS FOR HANDICAPPED DEPENDENTS

Jeevan Adhar

This plan may be offered to a person who has a handicapped dependant satisfying conditions as specified in Section 80DDA of Income Tax Act, 1961. The plan provides life insurance cover throughout the lifetime of the purchaser. The benefits under the plan are for the handicapped dependant which are partly in lump sum and partly in the form of an annuity. The premiums paid under this plan are eligible for Income Tax relief under Section 80DDA of Income Tax Act.

Jeevan Vishwas

This is an Endowment Assurance plan designed for the benefit of handicapped dependants. Premiums are payable quarterly, half-yearly or yearly throughout the term of the policy or till the earlier death. Alternatively, the premium may be paid in one lump sum (single premium).

3.9.5 ENDOWMENT ASSURANCE PLANS

It is a savings cum insurance policy. This policy pays the sum assured on death or maturity of the policy, whichever is earlier. Life Insurance Company invests the saving portion of the premium as per insurance act. The reversionary bonuses are added every year depending on profits of the company.

Endowment Assurance Policy

This policy not only makes provisions for the family of the Life Assured in event of his early death but also assures a lump sum at a desired age. The lump sum can be reinvested to provide an annuity during the remainder of his life or in any other way considered suitable at that time. Premiums are usually payable for the selected term of years or until death if it occurs during the term period.

Endowment Assurance Policy-Limited Payment

Just as in the case of limited payment whole life policies, here, too, the payment of premium can be limited either to a single payment or to a term shorter than the policy. The endowment is, however, payable only at the end of the policy term, or on death of the policy holder if it takes place earlier. If payment of the premiums ceases after at least three years' premiums have been paid, a free paid-up Policy for an amount bearing the same proportion to the sum assured as the number of premiums actually paid bears to the number stipulated for in the policy, will be

automatically secured provided the reduced sum assured, exclusive of any attached bonus, is not less than Rs.250.

Jeevan Mitra(Double Cover Endowment Plan)

This is an Endowment Assurance plan that provides greater financial protection against death throughout the term of plan. It pays the maturity amount on survival to the end of the policy term.

Jeevan Mitra(Triple Cover Endowment Plan)

This is an Endowment Assurance plan that provides greater financial protection against death throughout the term of plan. It pays the maturity amount on survival to the end of the policy term.

Jeevan Anand

This plan is a combination of Endowment Assurance and Whole Life plans. It provides financial protection against death throughout the lifetime of the life assured with the provision of payment of a lump sum at the end of the selected term in case of his survival.

New Janaraksha Plan

This is an Endowment Assurance plan that provides financial protection against death throughout the term of plan. It pays the maturity amount on survival to the end of the term.

Jeevan Amrit

Some people, particularly the younger ones, want to have high cover at a low cost. Further, many of them do not want commitment to pay premiums for a longer duration. LIC's Jeevan Amrit is most suitable for such persons. Under this plan premium payment is limited to 3 or 4 or 5 years and the premium payable during the first year is higher than the premiums payable in subsequent years.

3.9.6 PLANS FOR HIGH WORTH INDIVIDUALS

Jeevan Shree - I

This is an Endowment Assurance plan offering the choice of many convenient premium paying terms. It provides financial protection against death throughout the term of plan with the payment of maturity amount on survival to the end of the policy term.

Jeevan Pramukh

Insurance Regulatory & Development Authority (IRDA) requires all life insurance companies operating in India to provide official illustrations to their customers. The illustrations are based on the investment rates of return set by the Life Insurance Council (constituted under Section 64C(a) of the Insurance Act 1938) and is not intended to reflect the actual investment returns achieved or may be achieved in future by Life Insurance Corporation of India (LICI). For the year 2004-05 the two rates of investment return declared by the Life Insurance Council are 6% and 10% per annum.

3.9.7 MONEY BACK PLANS

It is a savings cum insurance policy, which provides a regular payment as a fixed percentage of sum assured at specified intervals during the term of the insurance policy. These are known as survival benefit. On death during the term of the policy, the nominee is paid the basic sum assured and even survival benefits paid during regular intervals are not deducted while calculating the death claim payable.

Money Back policy 20 years

Unlike ordinary endowment insurance plans where the survival benefits are payable only at the end of the endowment period, this scheme provides for periodic payments of partial survival benefits as follows during the term of the policy, of

course so long as the policy holder is alive. In the case of a 20-year Money-Back Policy (Table 75), 20% of the sum assured becomes payable each after 5, 10, 15 years, and the balance of 40% plus the accrued bonus become payable at the 20th year. For a Money-Back Policy of 25 years (Table 93), 15% of the sum assured becomes payable each after 5, 10, 15 and 20 years, and the balance 40% plus the accrued bonus become payable at the 25th year. An important feature of this type of policies is that in the event of death at any time within the policy term, the death claim comprises full sum assured without deducting any of the survival benefit amounts, which have already been paid. Similarly, the bonus is also calculated on the full sum assured.

Money Back policy 25 years

Unlike ordinary endowment insurance plans where the survival benefits are payable only at the end of the endowment period, this scheme provides for periodic payments of partial survival benefits as follows during the term of the policy, of course so long as the policy holder is alive. In the case of a 20-year Money-Back Policy (Table 75), 20% of the sum assured becomes payable each after 5, 10, 15 years, and the balance of 40% plus the accrued bonus become payable at the 20th year. For a Money-Back Policy of 25 years (Table 93), 15% of the sum assured becomes payable each after 5, 10, 15 and 20 years, and the balance 40% plus the accrued bonus become payable at the 25th year. An important feature of this type of policies is that in the event of death at any time within the policy term, the death claim comprises full sum assured without deducting any of the survival benefit amounts, which have already been paid. Similarly, the bonus is also calculated on the full sum assured.

Jeevan Surabhi -15 years

Jeevan Surabhi plan is similar to other money back plans. However main differences in regular money back plans and Jeevan Surabhi are as under Maturity term is more than premium paying term. Early and higher rate of survival benefit payment. Risk cover increases every five years. The actual term and the premium paying term for these plans are as under.

Plan no.	Policy Term	Premium Paying Term
106	15 years	12 years
107	20 years	15 years
108	25 years	18 years

Full sum assured is paid back as survival benefit by the end of premium paying term. However, the risk cover and additional risk cover continue and the policy participates in profits till the end of policy term. Accident Benefit is restricted to the premium paying period and to the overall limit of Rs.5 lakhs on a single life.

Jeevan Surabhi -20 years

Jeevan Surabhi plan is similar to other money back plans. However main differences in regular money back plans and Jeevan Surabhi are as under Maturity term is more than premium paying term. Early and higher rate of survival benefit payment. Risk cover increases every five years.

Full sum assured is paid back as survival benefit by the end of premium paying term. However, the risk cover and additional risk cover continue and the policy participates in profits till the end of policy term. Accident Benefit is restricted to the premium paying period and to the overall limit of Rs.5 lakhs on a single life.

Jeevan Surabhi -25 years

Jeevan Surabhi plan is similar to other money back plans. However main differences in regular money back plans and Jeevan Surabhi are as under Maturity

term is more than premium paying term. Early and higher rate of survival benefit payment. Risk cover increases every five years. The actual term and the premium paying term for these plans are as under.

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Bima Bachat

LIC's Bima Bachat is a money-back policy which offers financial security and assurance to the policy holder and his family. Bima Bachat requires the policy holder to pay only one premium. The amount paid for the premium depends on the duration of the policy taken and life insurance is available till the date of maturity.

3.9.8 SPECIAL MONEY BACK PLAN FOR WOMEN

Jeevan Bharati-I

LIC's Jeevan Bharati-I – is a plan exclusively for women. It is a with profit plan having special features considering the needs of women. The plan also provides for Accident Benefit, Critical Illness Benefit and Congenital Disability Benefit as optional Riders

3.9.9 WHOLE LIFE PLANS

It is a savings cum insurance policy, which has a life cover till lifetime i.e. till 100 years of age. You have to pay premiums only for a specified term but the life insurance cover continues for lifetime.

Whole Life Policy

This plan is mainly devised to create an estate for the heirs of the policyholder as the plan basically provides for payment of sum assured plus bonuses on the death of the policyholder. However, considering the increased longevity of the Indian population, the Corporation has amended the above provision, thereby providing for payment of sum assured plus bonuses in the form of maturity claim on completion of age 80 years or on expiry of term of 40 years from date of commencement of the policy whichever is later. The premiums under the policy are payable up to age 80 years of the policyholder or for a term of 35 years whichever is later. If the payment of premium ceases after 3 years, a paid-up policy for such reduced sum assured will be automatically secured provided the reduced sum assured exclusive of any attached bonus is not less than Rs.250/-. Such reduced paid-up policy is not entitled to participate in the bonus declared thereafter but the bonuses already declared on the policy will remain attach, provided the policy is converted in to a paid-up policy after the premiums are paid for 5 years.

Whole Life Policy- Limited Payment

This is the best form of life assurance for family provision since it enables the Life Assured to pay all the premiums during the ordinarily vigorous and most productive years of life. He need not pay any premium in the later stages of life if and when his conditions might become adverse. With Profits Limited Payments Policies do not cease to participate in profits after completion of the premium paying period

but continue to share in the periodical Bonus Distribution until the death of the Life Assured. The Without-Profit option is available under Table no. 3. If the policyholder pays at least 3 years' premiums and then discontinues paying any more premiums, a reduced paid-up assurance policy comes into force. Such a reduced paid-up Policy will not be entitled to participate in the profits declared thereafter, but such Bonus as has already been declared on the Policy will remain attached thereto. The premium paying term under this plan is five years minimum and 55 years maximum.

Whole Life Policy- Single Premium

This is the best form of life assurance for family provision since it enables the Life Assured to pay the premium during the ordinarily vigorous and most productive years of life, relieving him from the necessity of making payments later in life when they might become a burden. With Profits Single Premium policies do not cease to participate in profits after completion of the period for which premium has been paid, but continue to share in the periodical Bonus Distribution until the death of the Life Assured.

Jeevan Anand

This plan is a combination of Endowment Assurance and Whole Life plans. It provides financial protection against death throughout the lifetime of the life assured with the provision of payment of a lump sum at the end of the selected term in case of his survival.

Jeevan Tarang

This is a with-profits whole of life plan which provides for annual survival benefit at a rate of 5½ % of the Sum Assured after the chosen Accumulation Period. The vested bonuses in a lump sum are payable on survival to the end of the

Accumulation Period or on earlier death. Further, the Sum Assured, along with Loyalty Additions, if any, is payable on survival to age 100 years or on earlier death.

3.9.10 TERM ASSURANCE PLANS

It is a pure life insurance cover policy. This policy pays the sum assured only in case of death during the term of the policy. It does not have any investment factor and thus nothing is paid on maturity of the policy. Term insurance policies are cheapest of all the life insurance policies. Nowadays, online term insurance policies are available in the market, which are relatively cheap as compared to the Offline term insurance policies.

Two Year Temporary Assurance Policy

The Two Year Temporary Assurance policy caters to the individuals who specifically require insurance cover against risk for a short period of two years, for instance persons who are required to go on tours for instance for a year or so. This plan of assurance is designed to meet the needs of those who are initially unable to pay the larger premium required for a Whole Life or Endowment Assurance Policy, but hope to be able to pay for such a policy in the near future.

Convertible Term Assurance Policy

This plan would be found useful also in cases where it is desired to leave the final decision as to the plan to a later date when, perhaps a better choice could be made. Policyholders get an option of converting an policy into endowment assurance or limited payment whole life assurance.

Amulya Jeevan – I

In case of unfortunate death of the Life Assured during the term of the policy, Sum Assured is payable, provided the policy is kept in force.

3.9.11 JOINT LIFE PLAN

Jeevan Saathi

This is an Endowment Assurance Plan issued on the lives of husband and wife. The plan provides financial protection against death of both the lives. It pays the maturity amount on survival of one or both the lives to the end of the policy term.

3.9.12 UNIT LINKED INSURANCE POLICY

ULIPS are market linked insurance plans where the investment risk is borne by the policyholder. It is an investment cum insurance policy, where you have an option to choose out of different funds, where you would like to invest the premiums. The different types of funds are Liquid Funds, Bond Funds, Balanced Funds and Equity Funds etc. You can also choose the proportion of investment in the different funds. These plans carry charges like premium allocation charge, policy administration charge and fund management charges etc. All kinds of life insurance policies like child plans, endowment plans and pension plans are available as ULIPs.

3.9.13 PENSION PLANS

These policies are targeted to create retirement corpus. This plan is offered both with life cover and without life cover. Premiums need to be paid for a specified term generally till your retirement. At the end of the term depending on the funds accumulated during the premium paying term, a fixed amount is paid to the policyholder throughout the life as pension / annuity. In case of death during the term of the policy, the paid up value is paid. These plans are available in the form of traditional plans as well as ULIPs.

SOME OF THE WELL KNOWN INSURANCE POLICY INDIA ARE:

Social Security Group Scheme – a scheme covering the age group of 18-60 years and an insurance of Rs.5000 for natural death and of Rs.25000 on due to accidental death.

Shiksha Sahyog Yojana – a scheme providing an educational scholarship of Rs.300 per quarter per child is given for a period of four years.

Jan Arogya Bima Policy – a scheme for the adults upto the age of 45 years is Rs. 70 and for children it is Rs. 50. The limit coverage is fixed at Rs.5000 per annum.

Mediclaim Insurance Policy – a scheme covering the age group from 5-80 years with a tax benefit of up to Rs 10,000.

Jana Shree Bima Yojana – this is coverage of Rs 2,000 on natural death and Rs 50,000 for accidental death. The premium amount is fixed at Rs. 200 for single member.

Videsh Yatra Mitra Policy – a scheme covering medical expenses during the period of overseas travel.

Bhagya Shree Child Welfare Bima Yojana – a scheme covering one girl child in a family upto the age of 18 whose parents age does not exceed 60 years, with a premium of Rs.15 per annum.

Raj Rajeshwari Mahila Kalyan Yojana – a scheme providing protection to woman in the age group of 10 to 75 years with an insurance of Rs. 25,000 and premium Rs.15 per annum.

Ashray Bima Yojana – a scheme covering workers in case of loss of jobs.

Personal Accident Insurance Scheme for Kissan Credit Card – a scheme covering all the KCC holders up to an age of 70 years. Insurance coverage includes 50,000 for accidental death and 25,000 for partial disability.

CHAPTER - IV
ANALYSIS AND INTERPRETATION OF DATA -
PERCEPTIONS OF POLICYHOLDERS TOWARDS LIC

- 4.1 INTRODUCTION**
- 4.2 SOCIO-ECONOMIC CONDITIONS OF POLICYHOLDERS IN
TIRUNELVELI DISTRICT**
- 4.3 OPINION OF POLICYHOLDERS REGARDING VARIOUS ASPECTS
OF LIFE INSURANCE AND LIC OF INDIA**
- 4.4 FACTORS INFLUENCED THE POLICYHOLDERS TO PREFER THE
LIFE INSURANCE POLICIES OF INDIA -FACTOR ANALYSIS**
- 4.5 RANKING OF REASONS FOR BUYING INSURANCE POLICIES
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CHAPTER IV
ANALYSIS AND INTERPRETATION OF DATA -
PERCEPTIONS OF POLICYHOLDERS TOWARDS LIC

4.1 INTRODUCTION

This chapter deals with the analysis of the perceptions of policyholders towards LIC in Tirunelveli district. For this purpose, primary data were collected by the researcher through interview schedule method. The researcher has analyzed the relationship between the socio-economic variables such as age, gender, marital status, educational qualification, occupational status, type of the family, area of residence, nature of residence, family income per month, savings per month and mode of payment. Further the researcher has analyzed the amount of investment in life insurance policies per year, number of income tax assesses, policyholders knowledge about life insurance companies, sources through which LIC products are known, type of policies taken by the policyholders, level of satisfaction of policyholders, reasons for buying insurance policies from Life Insurance Company of India. Further, this chapter covers whether the policyholders have ever allowed any of their policies to lapse in LIC of India, reasons for allowing their policies to lapse in LIC of India, factors influenced the policyholders prefer the insurance products of LIC of India, factors influenced the policyholders decision to insure their life in LIC of India, number of years the policy holder have been investing in insurance products of LIC of India, the method of payment of premium, the cordial relationship with the advisers/agents, whether the policyholders get all the required information in time, the sources from which information is received, the problems that the policyholders have faced, policyholders opinion towards LIC agents. This chapter also covers the

perceptions of the life insurance policyholders regarding the role of agent in selling life insurance products of LIC of India, perceptions of the policyholders towards the electronic services rendered by LIC of India and perception of the policyholders regarding branch premises of LIC of India.

4.2.1 Age

Policyholders with different age groups have insured their lives in Life Insurance Corporation of India. It is expected that the policyholders should take insurance policy when they are young. The survey gathers information regarding the age of the respondents of the sample force. The following table 4.1 shows the age wise classification of respondents in the study area.

Table 4.1

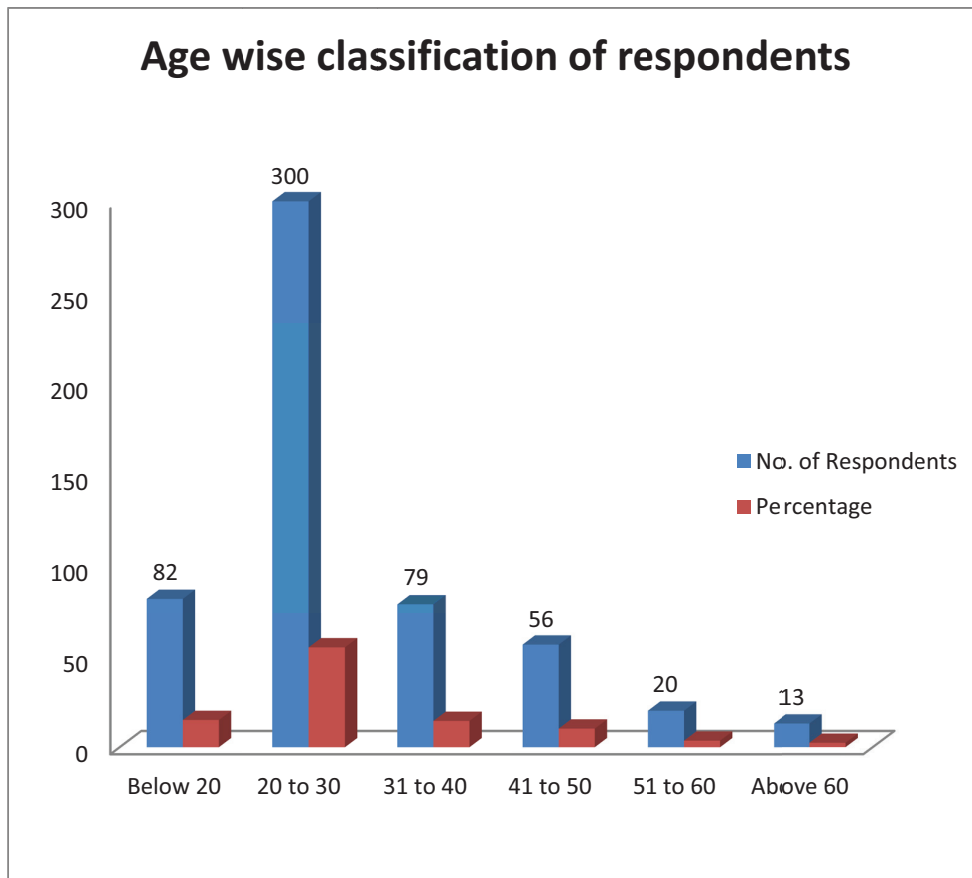
Age wise classification of respondents

Sl. No	Age	No. of Respondents	Percentage
1	Below 20	82	14.9
2	20 to 30	300	54.5
3	31 to 40	79	14.4
4	41 to 50	56	10.2
5	51 to 60	20	3.6
6	Above 60	13	2.4
	Total	550	100

Source: Primary Data

From the table 4.1, it is understood that about 54.5 per cent of the respondents are in the age group of 20 to 30 years followed by 14.9 per cent of the respondents who are in the age group of below 30 years, 14.4 per cent of the respondents are in the age group of 31 to 40 years, while 10.2 per cent of the respondents are in the age group of 41 to 50 years, 3.6 per cent of the respondents are in the age group of 51-60 years and 2.4 per cent of the respondents are in the age group of above 60 years. Majority of the policyholders are taking life insurance policy while they are age group of 20-30 years.

Figure 4.1



4.2.2 Gender

Policyholders of two different gender groups have insured their lives. They are male and female. Table 4.2 shows the gender-wise distribution of the respondents in Tirunelveli district.

Table 4.2

Gender wise classification of respondents

Sl. No	Gender	No. of Respondents	Percentage
1	Male	265	48.2
2	Female	285	51.8
	Total	550	100

Source: Primary Data

From the table 4.2, one could infer that out of the 550 respondents, 285 respondents (51.8 per cent) are female and the remaining 265 respondents (48.2 per cent) are male. It is evident from table that majority of the respondents are female in the study area.

4.2.3 Marital Status

Policyholders of two different marital status groups have insured their lives. They are single and married. Table 4.3 shows the marital status-wise distribution of the respondents in Tirunelveli district.

Table 4.3

Marital status wise classification of respondents

Sl. No	Gender	No. of Respondents	Percentage
1	Single	355	64.5
2	Married	195	35.5
	Total	550	100

Source: Primary Data

From the table 4.3, one could infer that out of the 550 respondents, 355 respondents (64.5 per cent) are single and the remaining 195 respondents (35.5 per cent) are married. It is evident from table that majority of the respondents are single in the study area. Since, the amount of expenses is less, single status people tend to insure more than married status people.

4.2.4 Educational Qualification

Life insurance protection is a necessity to both the literate and illiterate persons. Hence, the policies are taken both by the educated and uneducated persons. Education, to a significant level, decides the behavior of an individual although, it does not have a direct impact on all behaviors, and it leads to an attitudinal change. Educational level of an individual not necessarily would reflect the insurance awareness or knowledge. It depends on whether an individual had known about the insurance needs and its effectiveness. The different educational qualifications of policyholders are no formal education, school level, college level and professional. The following table 4.4 shows the educational qualification wise classification of respondents.

Table 4.4

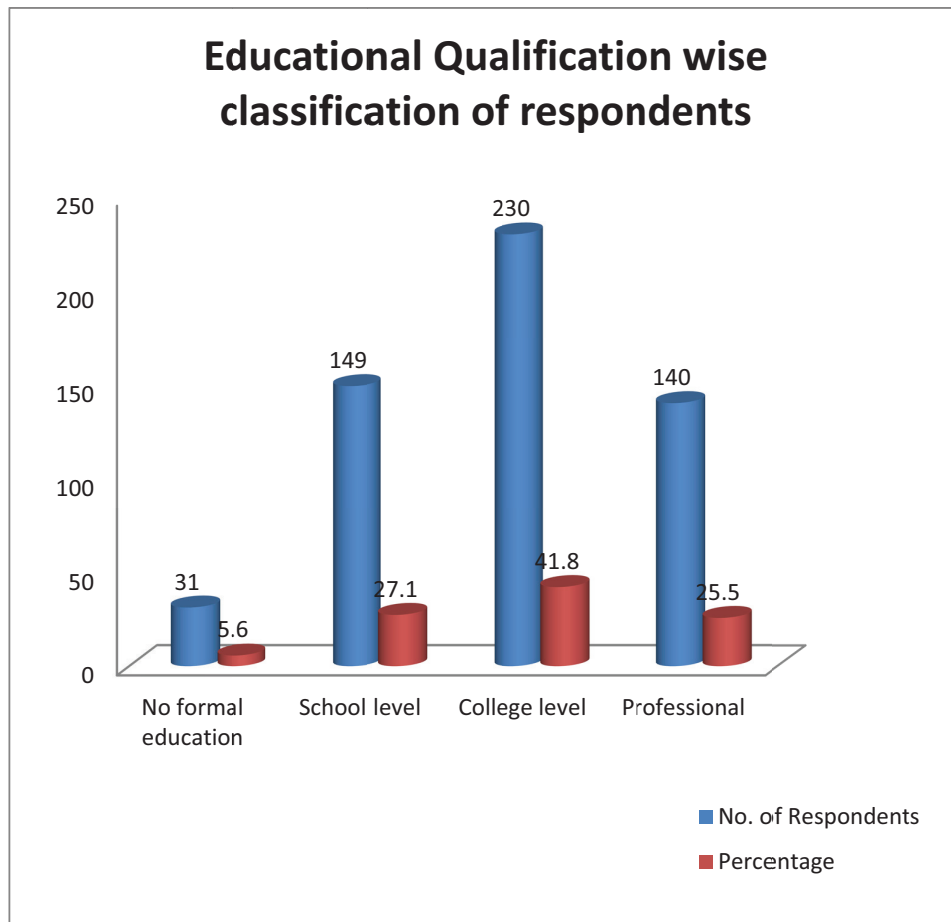
Educational Qualification wise classification of respondents

Sl. No	Educational Qualification	No. of Respondents	Percentage
1	No formal education	31	5.6
2	School level	149	27.1
3	College level	230	41.8
4	Professional	140	25.5
	Total	550	100

Source: Primary Data

The survey gathers information regarding the educational status of the respondents of the sample force. Out of 550 respondents, 41.8 per cent have had college level education. Of the others 27.1 per cent of the respondents have studied up to school level followed by 25.5 per cent are having professional education and the remaining 5.6 per cent of them have no formal education. It is clear from table that majority of the respondents had studied up to college level.

Figure 4.2



4.2.5 Occupation

Policyholders with different occupations have insured their lives. Majority of the policyholders are private employees and professionals in the study area. The following table shows the occupation wise classification of respondents in Tirunelveli district.

Table 4.5

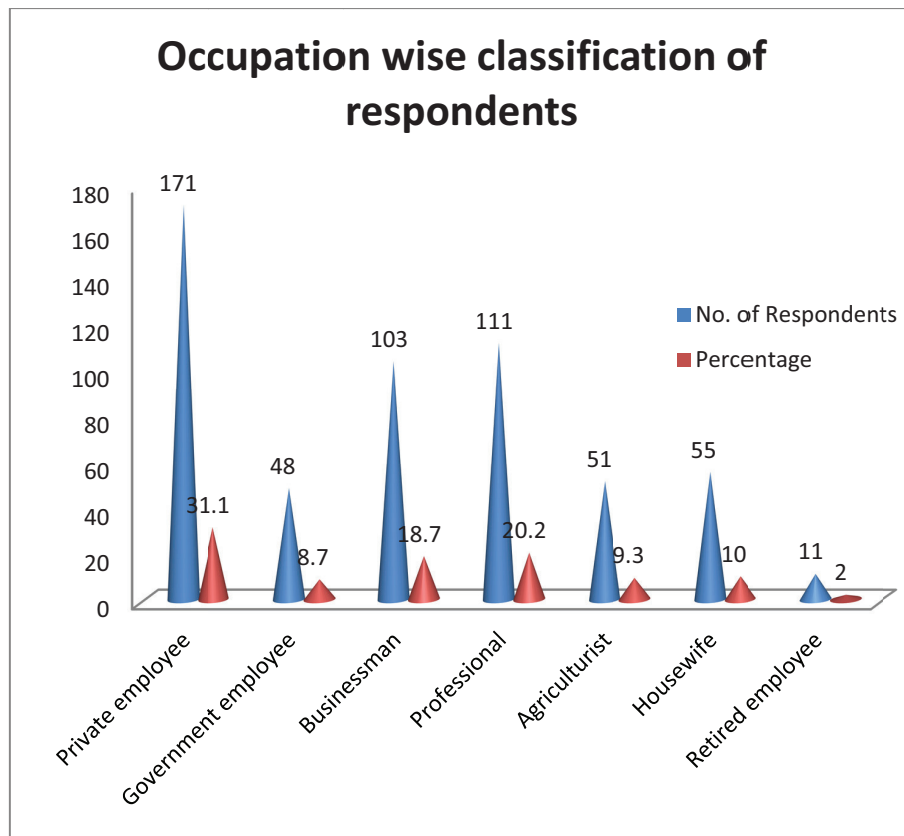
Occupation wise classification of respondents

Sl. No	Occupation	No. of Respondents	Percentage
1	Private employee	171	31.1
2	Government employee	48	8.7
3	Businessman	103	18.7
4	Professional	111	20.2
5	Agriculturist	51	9.3
6	Housewife	55	10
7	Retired employee	11	2
	Total	550	100

Source: Primary Data

The survey brings to light the details regarding the occupation of the respondents. Out of 550 respondents, 31.1 per cent of respondents are private employees followed by 20.2 per cent are professional; while 18.7 per cent are businessman; 10 per cent are housewife's, 9.3 per cent are agriculturists followed by 8.7 per cent are government employees, and the rest of them (2 per cent) are retired employees. It is clear from table that majority of the respondents are private employees who have taken life insurance policy in Tirunelveli District.

Figure 4.3



4.2.6 Type of family

Family plays a very important role in shaping the policyholders personality. The family background of the respondents assumes more significance because it is the family where the policy holder learns basic social skills to cope with the social norms, values and demands. It has its own pattern of interpersonal relations, acts as an agency for socialization which in terms is affected by the socio-economic conditions of the family. Policyholders belong to two different type of family have insured their lives in life insurance corporation of India. They belong to joint family and nuclear family. The following table 4.6 shows the type of family wise classification of respondents in Tirunelveli district.

Table 4.6

Type of family wise classification of respondents

Sl. No	Type of Family	No. of Respondents	Percentage
1	Joint family	357	64.9
2	Nuclear family	193	35.1
	Total	550	100

Source: Primary Data

Table clearly shows that out of 550 respondents, 357 respondents (64.9 per cent) belong to joint family and the remaining 193 respondents (35.1 per cent) belong to nuclear family. It is clear from table that majority of the respondents belong to joint family. Hence joint family system is one of the factors deciding to buy life insurance policies.

4.2.7 Area of Residence

Policyholders reside in rural and urban areas. The Table 4.7 furnishes the location – wise classification of the respondents in Tirunelveli district.

Table 4.7

Area of residence wise classification of respondents

Sl. No	Area of Residence	No. of Respondents	Percentage
1	Urban	235	42.7
2	Rural	315	57.3
	Total	550	100

Source: Primary Data

The above table 4.7 shows that among the total number of 550 respondents, majority of them are (57.3 per cent) residing in rural area and the remaining (42.7 per cent) are residing in urban area. It is evident from table that majority of the respondents reside in rural area.

4.2.8 Nature of ownership of house

Policyholders reside in different nature of ownership of house. They are residing in owned, leased and rented house. The following table 4.8 shows the nature of residence wise classification of respondents in the study area.

Table 4.8

Nature of ownership of house wise classification of respondents

Sl. No	Nature of Residence	No. of Respondents	Percentage
1	Owned	380	69.1
2	Leased	85	15.4
3	Rented	85	15.4
	Total	550	100

Source: Primary Data

It is understood from table that 69.1 per cent of the respondents are residing in owned house followed by 15.4 per cent of the respondents are residing in leased house and another 15.4 per cent of the respondents are residing in rented house. It is evident from table that majority of the respondents are residing in owned house.

4.2.9 Monthly Family Income

The family income of a respondent represents the total income earned by all the family members living together. The family income per month has been obtained and included in the present study as the family income is one of the important factors influencing the respondents. Life insurance is equally important for all classes of people who are belonging to various income groups. The distribution of the respondents according to the family income is shown in table 4.9.

Table 4.9

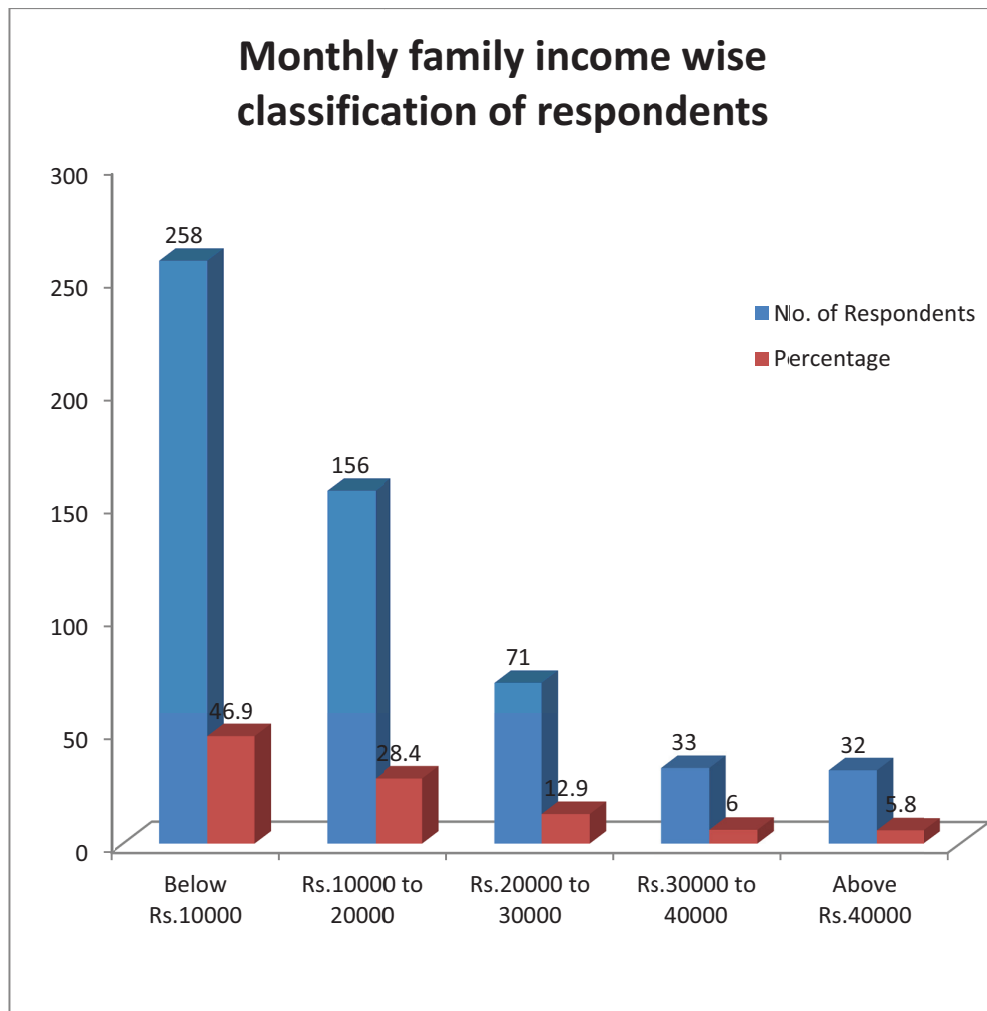
Monthly family income wise classification of respondents

Sl. No	Monthly Family Income	No. of Respondents	Percentage
1	Below Rs.10000	258	46.9
2	Rs.10000 to 20000	156	28.4
3	Rs.20000 to 30000	71	12.9
4	Rs.30000 to 40000	33	6
5	Above Rs.40000	32	5.8
	Total	550	100

Source: Primary Data

The survey throws light on the earnings of the family. The table shows that a maximum of 46.9 per cent of the total respondents have monthly family income of below Rs.10000 followed by 28.4 per cent of the respondents with a family income of Rs.10000 to 20000. The number of respondents with a family income of Rs.20000 to 30000 per month constitutes 12.9 per cent of the total respondents, while 6 per cent of them have a monthly family income of Rs.30000 to 40000 and in the case of monthly family income of above Rs.40000 constitutes only 5.8 per cent. It is inferred from table that majority of the respondents have a monthly family income of below Rs.10000

Figure 4.4



4.2.9 Monthly savings

The distribution of the respondents according to their monthly savings is presented in table 4.10.

Table 4.10

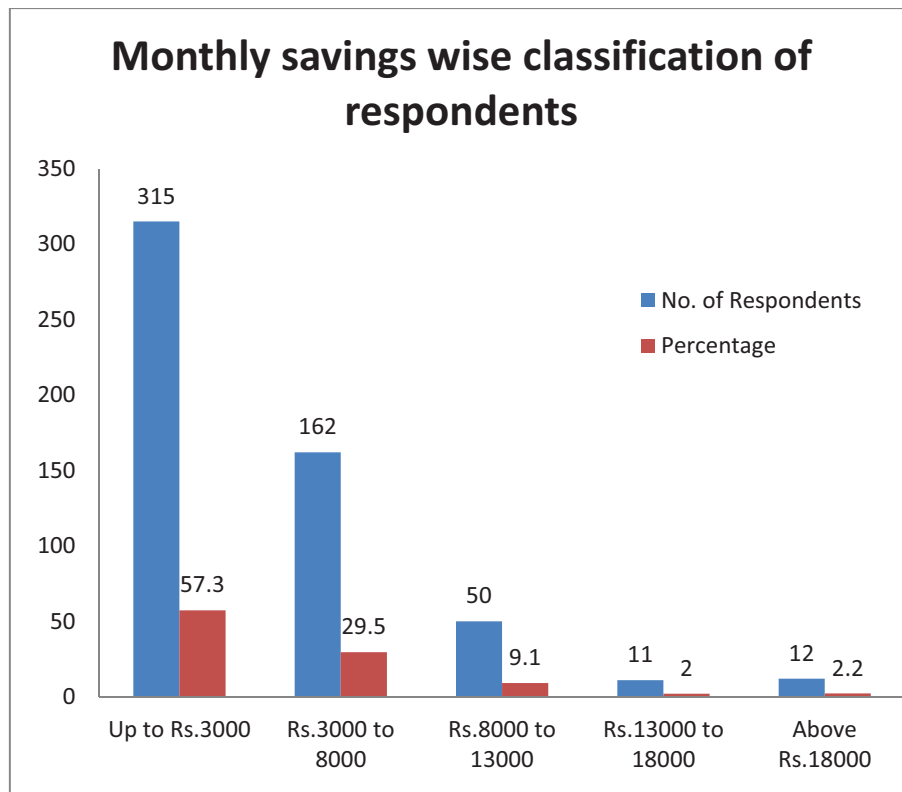
Monthly savings wise classification of respondents

Sl. No	Monthly savings	No. of Respondents	Percentage
1	Up to Rs.3000	315	57.3
2	Rs.3000 to 8000	162	29.5
3	Rs.8000 to 13000	50	9.1
4	Rs.13000 to 18000	11	2
5	Above Rs.18000	12	2.2
	Total	550	100

Source: Primary Data

Table clearly reveals that 57.3 per cent of the respondents are saving up to Rs.3000, 29.5 per cent of the respondents are saving of Rs.3000 to 8000 followed by 9.1 per cent of the respondents are saving of Rs.8000 to 13000, while 2.2 per cent of the respondents are saving above Rs.18000 and 2 per cent of the respondents are saving between Rs. 13,000 and Rs.18,000. It is clear from table that majority of the respondents are saving up to Rs.3000 per month.

Figure 4.5



4.2.11 Mode of Payment

Policyholders pay the insurance premium in different modes. The different modes of payment are monthly, quarterly, half yearly and yearly. The following table 4.11 shows the mode of payment wise classification of respondents in the study area.

Table 4.11

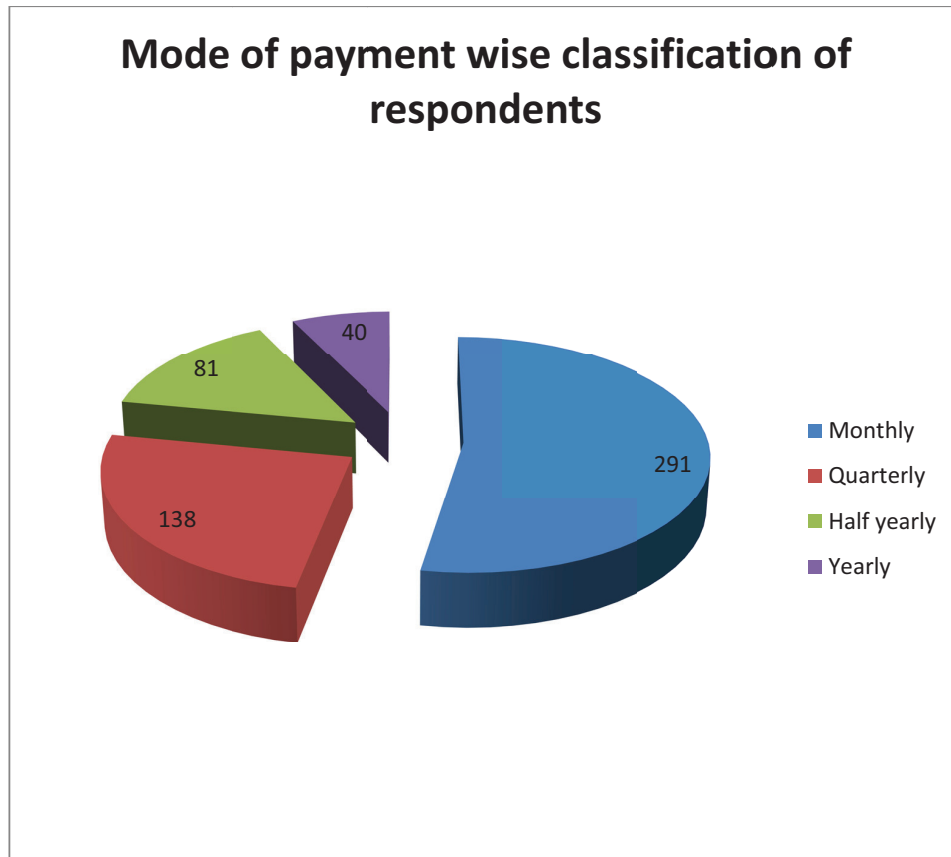
Mode of payment wise classification of respondents

Sl. No	Mode of Payment	No. of Respondents	Percentage
1	Monthly	291	52.9
2	Quarterly	138	25.1
3	Half yearly	81	14.7
4	Yearly	40	7.3
	Total	550	100

Source: Primary Data

Table 4.11 clearly exhibits that out of 550 respondents, 52.9 per cent of the respondents are paying premium monthly followed by 25.1 per cent of the respondents are paying quarterly, while 14.7 per cent of the respondents are paying half yearly and 7.3 per cent of the respondents are paying yearly. Monthly payment of premium is very popular among and the most desirable mode of policyholders in this district.

Figure 4.6



4.3 OPINION OF POLICYHOLDERS REGARDING VARIOUS ASPECTS OF LIFE INSURANCE AND LIC OF INDIA

4.3.1 Respondents' amount of investment in life insurance policies

The following table shows the amount of investment of policyholders in life insurance policies in Tirunelveli district.

Table 4.12

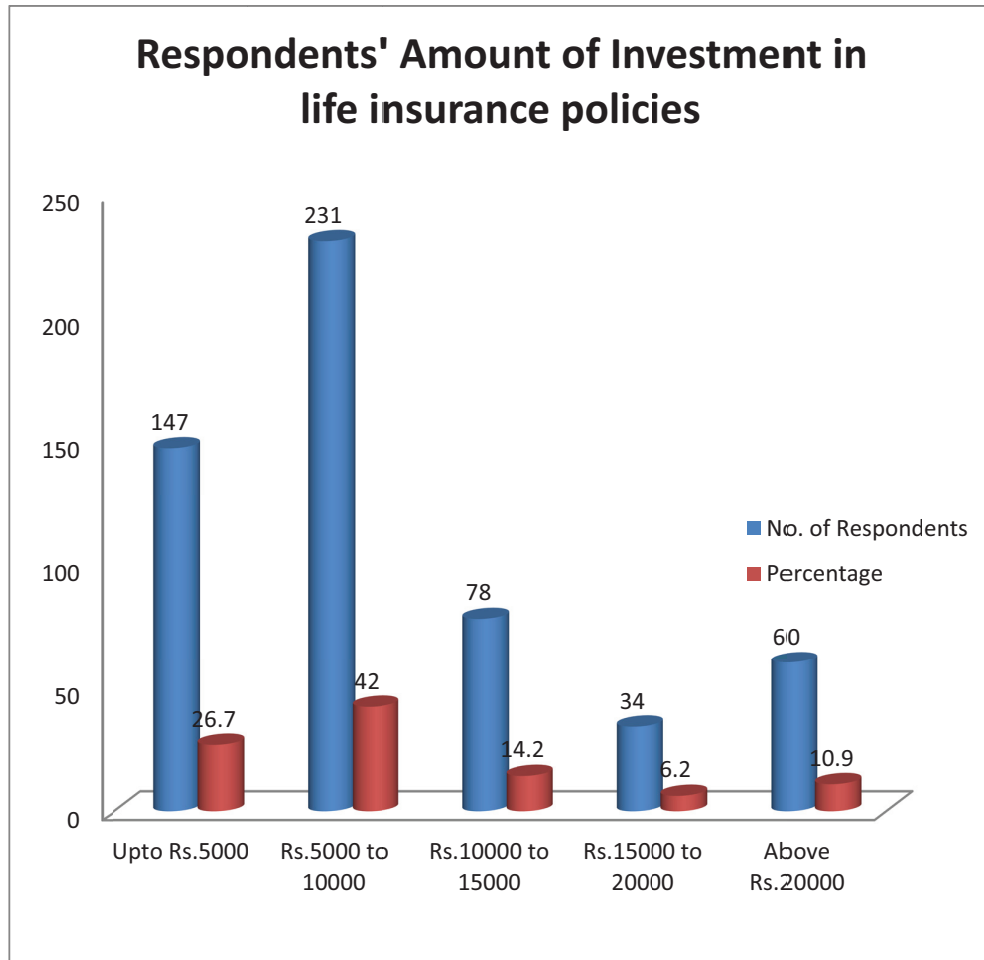
Respondents' amount of investment in life insurance policies

Sl. No	Amount of Investment	No. of Respondents	Percentage
1	Upto Rs.5000	147	26.7
2	Rs.5000 to 10000	231	42.0
3	Rs.10000 to 15000	78	14.2
4	Rs.15000 to 20000	34	6.2
5	Above Rs.20000	60	10.9
	Total	550	100

Source: Primary Data

It could be seen from table that 42 per cent of the policyholders are investing of Rs.5000 to 10000, while 26.7 per cent of the policyholders are investing up to Rs.5000, 14.2 per cent of the policyholders are investing of Rs.10000 to 15000 followed by 10.9 per cent of the policyholders are investing of above Rs.20000 and 6.2 per cent of the policyholders are investing of Rs.15000 to 20000. Almost 68% of the policyholders pay premium less than Rs.10000 per annum in insurance policies.

Figure 4.7



4.3.2 Tax Assesses wise classification of respondents

The following table shows whether the policyholders are tax assessees or not.

Table 4.13

Tax Assesses wise classification of respondents

Sl. No	Tax Assesses	No. of Respondents	Percentage
1	Yes	122	22.2
2	No	428	77.8
	Total	550	100

Source: Primary Data

Table shows that 77.8 per cent of the policyholders are not tax assessees and the remaining 22.2 per cent of the policyholders are tax assessees. Hence, it is concluded that 22.2 per cent of the policyholders are tax assessees in Tirunelveli district. As majority of the employees are working in private sector and their income is below the taxable income, they need not pay tax.

4.3.3 Respondent's knowledge about insurance products of LIC of India

To find out whether the policyholders have adequate knowledge about insurance products of LIC of India, the researcher has collected data from the policyholders and presented it in the table.

Table 4.14

Respondent's knowledge about insurance products of LIC of India

Sl. No	Respondents knowledge about insurance products of LIC of India	No. of Respondents	Percentage
1	Yes	328	59.6
2	No	222	40.4
	Total	550	100

Source: Primary Data

Table 4.14 clearly exhibits that 59.6 per cent of the policyholders have knowledge about insurance products of LIC of India and the remaining 40.4 per cent of the policyholders do not have knowledge about insurance products of LIC of India. It is clear from the table that majority of the policyholders have knowledge about insurance products of LIC of India products. Due to their educational and occupational status, most of the policyholders are aware of insurance products of LIC of India.

4.3.4 Respondents' sources of information about LIC of India's Products

There are many sources through which the policyholders know the LIC of India's products. In order to find out the sources through which the policyholders know the LIC of India's products, the data have been collected from the policyholders and presented in the table.

Table 4.15

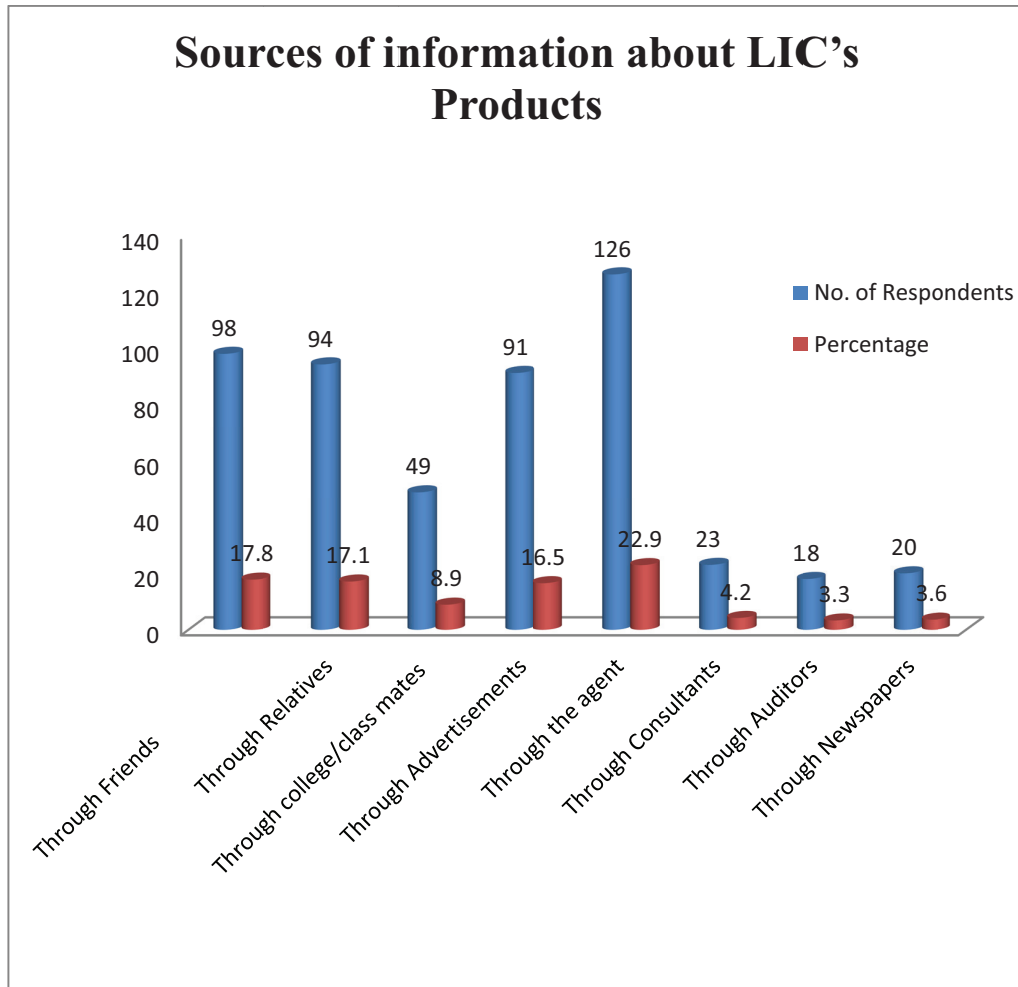
Respondents' sources of information about LIC of India's Products

Sl. No	Sources of information about LIC of India Products	No. of Respondents	Percentage
1	Through Friends	98	17.8
2	Through Relatives	94	17.1
3	Through college/class mates	49	8.9
4	Through Advertisements	91	16.5
5	Through the agents	126	22.9
6	Through Consultants	23	4.2
7	Through Auditors	18	3.3
8	Through Newspapers	20	3.6
	Total	550	100

Source: Primary Data

The study also carries out an in depth enquiry about the sources through which, the LIC of India's products are known to the respondents. This table makes it clear that 22.2 per cent of the respondents are informed by insurance agents; 17.8% friends; 17.1% relatives; 16.5 per cent are informed by advertisements, 8.9 per cent of the policyholders came to know about LIC of India's products through college/class mates, 4.2 per cent of the respondents are informed by insurance consultants, 3.6 per cent of the respondents are informed by newspapers and the remaining 3.3 per cent of the respondents are informed through auditors. Agents, Friends, Relatives and Advertisements are the major sources through which LIC products are known to respondents.

Figure 4.8



4.3.5 Types of life insurance policies hold by the policyholders

The following table shows the types of life insurance policies hold by the policyholders in Tirunelveli district.

Table 4.16

Type of life insurance policies hold by the policyholders

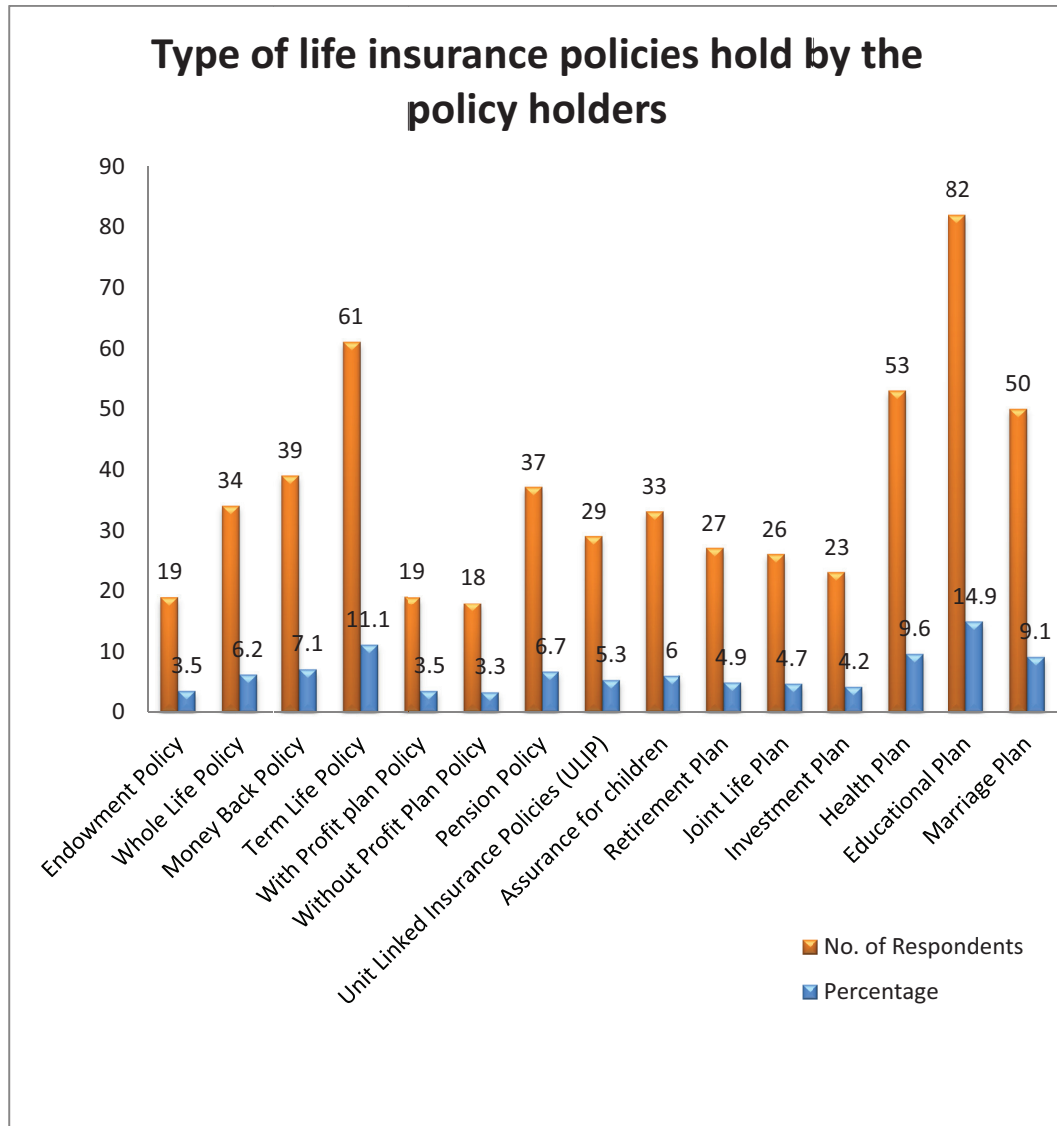
Sl. No	Type of life insurance policies hold by the policyholders	No. of Respondents	Percentage
1	Endowment Policy	19	3.5
2	Whole Life Policy	34	6.2
3	Money Back Policy	39	7.1
4	Term Life Policy	61	11.1
5	With Profit plan Policy	19	3.5
6	Without Profit Plan Policy	18	3.3
7	Pension Policy	37	6.7
8	Unit Linked Insurance Policies (ULIP)	29	5.3
9	Assurance for children	33	6.0
10	Retirement Plan	27	4.9
11	Joint Life Plan	26	4.7
12	Investment Plan	23	4.2
13	Health Plan	53	9.6
14	Educational Plan	82	14.9
15	Marriage Plan	50	9.1
	Total	550	100

Source: Primary Data

It could be inferred from table that 14.9 per cent of the policyholders having the educational plan followed by 11.1 per cent of the policyholders having term life policy, while 9.6 per cent of the policyholders having health plan, 9.1 per cent - marriage plan, 7.1 per cent of the policyholders having money back policy, 6.7 per cent of the policyholders having pension policy, 6.2 per cent -whole life policy, 6 per cent of the policyholders having assurance for children, 4.9 per cent – retirement plan, 4.7 per cent of the policyholders having joint life policy.

Educational, Term life and marriage plans are more popular types of polices among the policyholders.

Figure 4.9



4.3.6 Satisfaction with insurance products of LIC's of India

In order to find out whether the policyholders are satisfied with LIC of India's policies, the required data have been collected from the policyholders and presented in the table.

Table 4.17

Satisfaction with insurance products of LIC's of India

Sl. No	Satisfaction	No. of Respondents	Percentage
1	Yes	490	89.1
2	No	60	10.9
	Total	550	100

Source: Primary Data

It is clearly understood from the table that 89.1 per cent of the policyholders are satisfied with LIC of India policies and the remaining 10.9 per cent of the policyholders are not satisfied with LIC of India's policies. It is evident from table that majority of the policyholders are satisfied with LIC of India policies in the study area.

4.3.7 Level of Satisfaction

The policyholders have different levels of satisfaction. The following table shows the levels of satisfaction of policyholders with LIC of India's policies.

Table 4.18

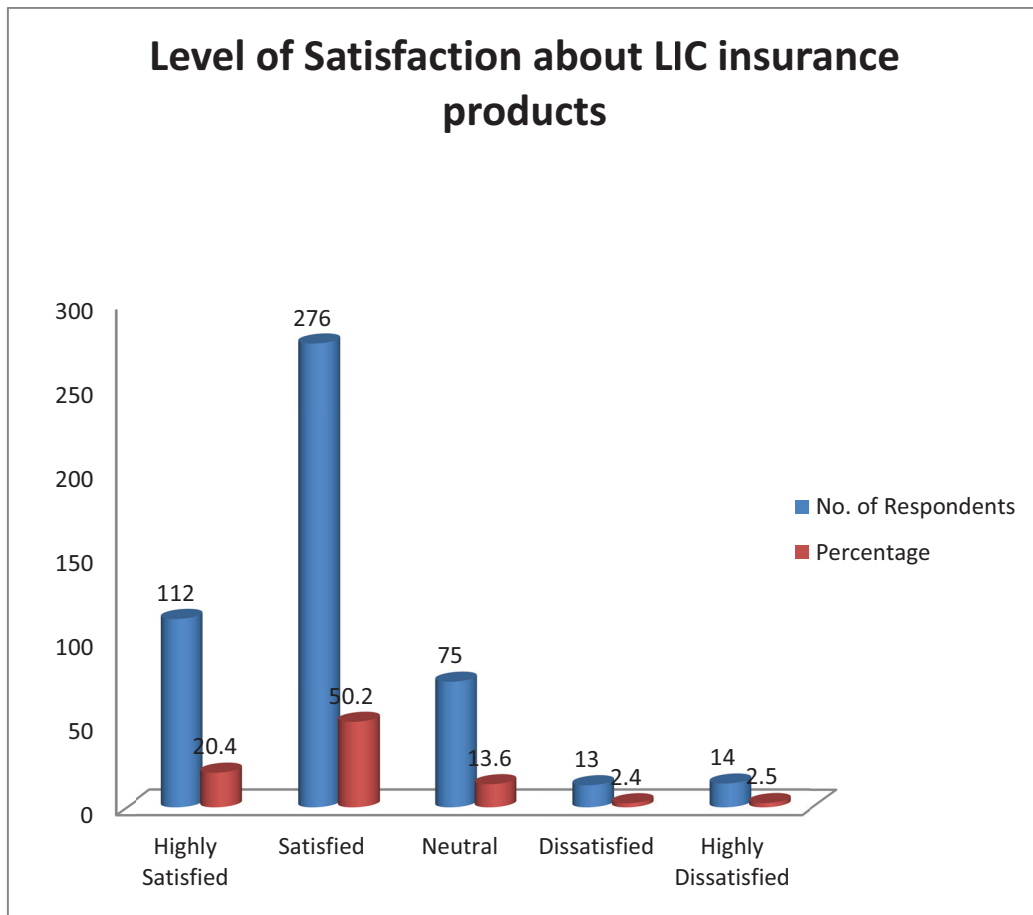
Level of satisfaction about LIC's insurance policies

Sl. No	Level of Satisfaction	No. of Respondents	Percentage
1	Highly Satisfied	112	20.4
2	Satisfied	276	50.2
3	Neutral	75	13.6
4	Dissatisfied	13	2.4
5	Highly Dissatisfied	14	2.5
	Total	550	100

Source: Primary Data

Table 4.18 clearly exhibits that 50.2 per cent of the policyholders are satisfied with LIC of India policies, while 20.4 per cent of the policyholders are highly satisfied with LIC of India's policies, 13.6 per cent are neither satisfied nor dissatisfied with LIC of India policies, 2.5 per cent of the policyholders are highly dissatisfied with LIC of India's policies and the remaining 2.4 per cent of the policyholders are dissatisfied with LIC of India's policies. More than 70% of the policyholders are either satisfied or highly satisfied with LIC policies.

Figure 4.10



4.3.8 Tenure of investing in life insurance policies

The following table shows the number of years the policyholders have been investing in life insurance policies in Tirunelveli district.

Table 4.19

Tenure of investing in life insurance policies

Sl. No	Tenure of investing in life insurance policies	No. of Respondents	Percentage
1	Below 5 years	255	46.4
2	5 to 10 years	216	39.3
3	10 to 15 years	45	8.2
4	Above 15 years	34	6.2
	Total	550	100

Source: Primary Data

Table 4.19 clearly indicates that 46.4 per cent of the policyholders are investing in life insurance policies for below 5 years followed by 39.3 per cent of the policyholders are investing in life insurance policies for 5 to 10 years, 8.2 per cent of the policyholders are investing in life insurance policies for 10 to 15 years and 6.2 per cent of the policyholders are investing in life insurance policies for above 15 years. It is clear from table that majority of the policyholders are investing in life insurance policies for below 5 years.

4.3.9 Respondents' idea of buying more policies of LIC of India

The following table shows whether the policyholders have any idea to buy more policies in Life Insurance Corporation of India.

Table 4.20

Respondents' idea of buying more policies in LIC of India

Sl. No	Idea of buying more policies	No. of Respondents	Percentage
1	Yes	198	36
2	No	352	64
	Total	550	100

Source: Primary Data

The table clearly shows that 64 per cent of the policyholders have no idea of buying more policies in Life Insurance Corporation and the remaining 36 per cent of the policyholders have idea of buying more policies in life insurance Corporation. It is clear from table that majority of the policyholders have no idea of buying more policies in LIC of India.

4.3.10 Lapse of policies

The following table shows whether the policyholders have allowed any of their policies to lapse.

Table 4.21
Lapse of policies

Sl. No	Response	No. of Respondents	Percentage
1	Yes	187	34
2	No	363	66
	Total	550	100

Source: Primary Data

It is evident from the table that 66 per cent of the policyholders have not allowed policies to lapse in LIC of India and the remaining 34 per cent of the policyholders have allowed policies to lapse in LIC of India. It is clear from table that majority of the policyholders have not allowed policies to lapse in LIC of India.

4.3.11 Reasons for allowing policies to lapse in LIC of India

The following table shows the reasons for the policyholders allowing policies to lapse in LIC of India in Tirunelveli district.

Table 4.22

Reasons for allowing policies to lapse in LIC of India

Sl. No	Reasons	No. of Respondents	Percentage
1	No risk arises	28	5.1
2	Forgot to renew	19	3.5
3	Cumbersome procedure	14	2.5
4	Not satisfied with earlier claims	41	7.5
5	No proper services by the agent	20	3.6
6	High premium	47	8.5
7	Unaware of the renewal procedure	18	3.3
8	Not allowed to lapse in LIC of India	363	66
	Total	550	100

Source: Primary Data

It could be understood from the table that 8.5 per cent of the policyholders have allowed their policies to lapse due to high premium, 7.5 per cent do so as they are not satisfied with earlier claims, 5.1 per cent of the policyholders due to the reason no risk arises, 3.6 per cent of the policyholders due to no proper services by the agents, 3.5 per cent of the policyholders due to their absent mindedness to renew, 3.3 per cent of the policyholders due to their unawareness of the renewal procedure and 2.5 per cent of the policyholders due to cumbersome procedure.

4.3.12 ways of paying premium

The policyholders pay the premium in many ways. The main ways of payment of premium are direct payment, through agent and through online. The following table shows the ways of payment of premium.

Table 4.23

Ways of paying premium

Sl. No	Ways of payment op premium	No. of Respondents	Percentage
1	Directly	195	35.4
2	Through agent	277	50.4
3	Through online	78	14.2
	Total	550	100

Source: Primary Data

Table 4.23 exhibits that 50.4 per cent of the policyholders pay the premium through agent, while 35.4 per cent of the policyholders pay the premium directly and 14.2 per cent of the policyholders pay the premium through online. It is evident from table that majority of the policyholders pay the premium through agent in the study area.

4.3.13 Existence of relationship between policyholders and LIC advisers/agents

The following table shows the status of relationship of policyholders with the advisers/agents.

Table 4.24

Existence of relationship between policyholders and LIC advisers/agents

Sl. No	Policyholders' Relationship with LIC advisers/agents	No. of Respondents	Percentage
1	Yes	364	66.2
2	No	186	33.8
	Total	550	100

Source: Primary Data

The table clearly shows that 66.2 per cent of the policyholders have relationship with the advisers and agents and the remaining 33.8 per cent of the policyholders have no relationship with advisers and agents. It is clear from table that majority of the policyholders have relationship with advisers and agents.

4.3.14 Availability of required information in time

The following table shows whether the policyholders get all the required information in time.

Table 4.25

Availability of required information in time

Sl. No	Availability of Information	No. of Respondents	Percentage
1	Yes	381	69.3
2	No	169	30.7
	Total	550	100

Source: Primary Data

Table 4.25 presents that 69.3 per cent of the policyholders can get all the required information in time and the remaining 30.7 per cent of the policyholders opined that they are unable to get all the required information in time.

4.3.15 Sources of information

The following table shows the source of information.

Table 4.26

Sources of information

Sl. No	Sources of information	No. of Respondents	Percentage
1	Toll free	77	14.0
2	LIC agents	208	37.8
3	Internet	59	10.7
4	Development Officers	37	6.7
5	Policyholders cannot get all the required information	169	30.7
	Total	550	100

Source: Primary Data

The table clearly shows that 208 respondents (37.8 per cent) could get all the required information from Insurance agents, while 77 respondents (14 per cent) from Toll free, 10.7 per cent get all the required information from internet and 6.7 per cent of the respondents get all the required information from development officers. Insurance agent is playing major role in providing information about life insurance products.

4.3.16 Problems in availing insurance services from LIC of India

The following table shows whether the policyholders face any problem in availing insurance services from LIC of India.

Table 4.27

Problems in availing insurance services from LIC of India

Sl. No	Problems in availing insurance services from LIC of India	No. of Respondents	Percentage
1	Yes	232	42.2
2	No	318	57.8
	Total	550	100

Source: Primary Data

It could be inferred from the table that 57.8 per cent of the respondents are not facing any problem in availing insurance services from LIC of India and the remaining 42.2 per cent of the respondents are facing problems in availing insurance services from LIC of India.

4.3.17 Opinion about the approach of life insurance agent

The following table shows the policyholders feel about the approach of life insurance sales agent.

Table 4.28

Opinion about the approach of life insurance agent

Sl. No	Opinion about the approach of life insurance agent	No. of Respondents	Percentage
1	Excellent	143	26.0
2	Good	355	64.5
3	Poor	52	9.5
	Total	550	100

Source: Primary Data

It is clearly understood from the table that 64.5 per cent of the respondents are of opined that the approach of LIC agent is good, 26 per cent of the respondents opined that the approach of life insurance agent is excellent and the remaining 9.5 per cent of the respondents opined that the approach of life insurance agent is poor. Majority of the policyholders opined that the LIC agents' approach is good.

4.3.18 Policyholders' idea of recommending LIC policies

The following table shows whether the policyholders recommend the LIC of India product to others.

Table 4.29

Policyholders' idea of recommending LIC policies

Sl. No	Recommendation	No. of Respondents	Percentage
1	Yes	378	68.7
2	No	172	31.3
	Total	550	100

Source: Primary Data

It is clear from the table that 68.7 per cent of the respondents have the idea of recommending the insurance products of LIC of India to others and the remaining 31.3 per cent of the respondents have no idea of recommending the LIC policies to others.

4.3.19 Level of recommending LIC policies to others

The following table exhibits how far the policyholders recommend LIC policies to others.

Table 4.30

Level of recommending LIC policies to others

Sl. No	Level of recommending	No. of Respondents	Percentage
1	More definitely	118	21.4
2	Definitely	237	43.1
3	Not definitely	23	4.2
4	No recommend	172	31.3
	Total	550	100

Source: Primary Data

It is clearly understood from the table that 43.1 per cent of the respondents definitely recommend LIC products to others, 21.4 per cent of the respondents more definitely recommend insurance products of LIC of India to others and 4.2 per cent of the respondents do not definitely recommend the LIC policies to others.

4.4 FACTORS INFLUENCED THE POLICYHOLDERS TO PREFER THE LIFE INSURANCE POLICIES OF INDIA -FACTOR ANALYSIS

Factor analysis helps to reduce the innumerable variables into limited number of latent factors having inter-correlation within themselves. Hence, factor analysis is attempted to reduce the numerous variables into limited number of factors. In order to apply factor analysis, the basic assumption to be fulfilled is the factorability of the correlation matrix. KMO measures of sampling adequacy and the Bartlett's test of sphericity determine the factorability of the correlation matrix. The results of the calculation are presented in Table 4.31

Table 4.31
Findings of KMO and Bartlett's Test

Kaiser-Meyer-Olkin measure of sampling adequacy	0.661
Bartlett's Test of sphericityApprox Chi-Square	417.190
df	45
Significance	.000

Source: Primary Data

Table 4.31 shows the findings of the KMO and Bartlett's test. It reveals that the factor analysis can be rightly employed in this context as evidenced through a higher KMO Measure (0.661) and a significant Bartlett's test result. Hence, factor analysis is attempted. Analysis of factors influenced the policyholders to prefer life insurance policies in Tirunelveli district are made through rotated factor matrix which reveals that there are three major factors influenced the policyholders to prefer life insurance policies. The findings of the rotated factor analysis on factors influenced the policyholders to prefer life insurance policies in Tirunelveli district are presented in Table.

Table 4.32
Factors influenced the policyholders to prefer the life insurance policies of
India in Tirunelveli district - Rotated Factor Analysis

Factors	F ₁	F ₂	F ₃	F ₄	h ²
Advertisements	0.843	-0.029	0.106	0.212	1.132
Promotional campaign	0.818	0.210	0.074	0.075	1.177
Better persuasion by agents	0.635	0.049	0.106	0.214	1.004
Wide variety of insurance products available	0.604	0.109	0.073	0.398	1.184
Financially sound organization	0.216	0.669	0.386	0.287	1.558
Attractive features of policies	0.363	0.572	0.022	-0.034	0.923
Company image	0.311	0.506	0.279	0.379	1.475
Reputation of the company	-0.043	0.605	0.007	0.102	0.671
Top management	0.122	0.501	0.034	0.039	0.696
Operating hours	0.064	0.223	0.749	0.195	1.231
Insurance products	0.446	0.142	0.654	0.044	1.286
Depositing premium	0.201	-0.184	0.678	0.251	0.946
Prompt disbursement of maturity value	0.354	0.058	0.725	0.277	1.414
Prompt claim settlement	0.296	0.142	0.525	0.144	1.107
Simple Procedure	0.351	0.152	0.234	0.621	1.358
Better Customer care	0.499	0.029	0.076	0.731	1.335
Existing customer's positive feedback	0.082	-0.069	-0.072	0.647	0.588
Better Service provided by agent	0.095	0.085	0.286	0.537	1.003
Eigen value	6.257	3.770	4.942	5.153	
Per cent of variation	24.977	14.727	11.284	8.853	
Cumulative percentage	24.977	39.703	50.987	59.840	

Source: Primary Data

Rotated factor analysis categorizes the factors influenced the policyholders to prefer the life insurance policies of LIC of India in Tirunelveli district into four broad groups. The details are presented in Table. The detailed list of factors falling under four groups are presented below:

First factor (Promotional Activities)

- (i) Advertisements
- (ii) Promotional campaign
- (iii) Better persuasion by agents
- (iv) Wide variety of insurance products available

Second factor (Image of the Company)

- (i) Financially sound organization
- (ii) Attractive features of policies
- (iii) Company image
- (iv) Reputation of the company
- (v) Top management

Third factor (Premium and Procedural Formalities)

- (i) Operating hours
- (ii) Insurance products
- (iii) Depositing premium
- (iv) Prompt disbursement of maturity value
- (v) Prompt claim settlement

Fourth factor (Customer Convenience)

- (i) Simple Procedure
- (ii) Better Customer care
- (iii) Existing customers' positive feedback
- (iv) Better Service provided by agents

Table shows that the first factor **F1 (Promotional Activities)** accounts for 24.977 per cent variation in the total variable set. There are four variables positively loaded in this factor. They are Advertisements, promotional campaign, better persuasion by agents and wide variety of insurance products available. These four factors are positively loaded in the factor F1 (Promotional activities). It implies that there is a positive correlation among these four factors. The positive loadings indicate that these four variables share most of their variances between them and thereby covary with each other. This factor exhibits that the policyholders feel that advertisements, promotional campaign, persuasion by agents and wide variety of insurance products available are some of the important factors which they consider while choosing one insurance company over the other. Keeping in view the nature of variables having high loadings on this regarding factors influenced the policyholders to prefer the life insurance policies of LIC of India, it is named as promotional activities.

The second factor **F2 (Image of the company)** represents 14.727 per cent variation in the total variable set. There are five variables positively loaded in the factor namely financially sound organization, attractive features of policies, company image, reputation of the company and top management. High positive loadings have been observed on the variables-financially sound organization, attractive features of policies, company image and top management. These variables show that policyholders give importance to various aspects related to company's image in the market. Hence, financially sound organization, attractive features of policies, company image and top management of the insurance company also as important factors influencing the policyholders to prefer the life insurance policies of LIC of India.

The third factor **F3 (Premium and Procedural Formalities)** represents 11.284 per cent variation in the total variable set. There are five variables positively loaded in the factor namely operating hours, insurance products, depositing premium, prompt disbursement of maturity value and prompt claim settlement. Policyholders give attention to convenience that company can provide to them in terms of operating hours, insurance products, depositing premium, settlement of claim etc. Accordingly, this factor has been named as premium and procedural formalities.

Table further shows that the fourth factor **F4 (Customer Convenience)** accounts for 8.853 per cent variation in the total variable set. There are four variables positively loaded in this factor. They are simple procedure, better customer care, existing customer's positive feedback and better service provided by agent. These four factors are positively loaded in the factor F4 (Customer Convenience). It implies that there is a positive correlation among these four factors.

4.5 Reasons for buying insurance policies from LIC of India - Garretts Ranking

Technique

The policyholders have many reasons for buying insurance policies from LIC of India. The main reasons are children's higher education, children's marriage, own savings, investments, post retirement benefits, secured investments, getting income tax benefit/rebate, buying a piece of land, savings for future generation and safety. The following table shows the ranking of reasons for buying insurance policies from LIC of India.

Table 4.33

Reasons for buying insurance policies from LIC of India -Garretts Ranking

Technique

Sl. No	Factors	Total Scores	Average Scores	Rank
1	For children's higher Education	31939	58.07	I
2	For Children's Marriage	28521	51.86	V
3	For own Savings	30896	56.17	II
4	For Investments	28923	52.59	IV
5	For post retirements benefits	25968	47.21	VIII
6	For Secured investments	27489	49.98	VI
7	For getting income tax benefit / rebate	24748	44.99	X
8	For buying a piece of land	25865	47.03	IX
9	For Savings future generation	26975	49.05	VII
10	For safety	29636	53.88	III

Source: Primary Data

It is clearly understood from the table that the sample policyholders gave first rank to the reason 'for children's higher education' for buying insurance policies from LIC of India. Table also reveals that the policyholders gave second rank to the reasons 'for own savings'. It is further clear from table that the policyholders gave last rank to the reason 'for getting income tax benefit/rebate'.

4.6 Factors influenced the policyholders to insure their lives in LIC of India -

Garretts Ranking Technique

There are different factors influenced the policyholders to insure their lives in LIC of India. The major factors are self experience/exposure, advertisement, relatives, friends, sales executives, agents, auditors and internet. The following table shows the ranking of factors influenced the policyholders to insure their lives in LIC of India.

Table 4.34

Factors influenced the policyholders to insure their lives in LIC of India -

Garretts Ranking Technique

Sl. No	Factors	Total Scores	Average Scores	Rank
1	Self-Experience/ Exposure	32304	58.73	III
2	Advertisement	31837	57.88	IV
3	Relatives	33210	60.38	I
4	Friends	33130	60.24	II
5	Sales Executives	29731	54.06	VII
6	Agents	31325	56.95	V
7	Auditors	27490	49.98	VIII
8	Internet	30561	55.56	VI

Source: Primary Data

It is clear from the table that the sample policyholders gave first rank to the factor 'relatives' as the factor influenced them to insure their lives in LIC of India. It is further clear from table that the policyholders gave last rank to the factors 'auditors'.

4.7 Problems faced -Garretts Ranking Technique

The policy holder face different problems such as lack of customer services, no prompt payment of maturity, no prompt claim settlement, lack of agents service, lack of e-service, lack of branch premises. The following table shows the ranking of problems faced by the policyholders in Tirunelveli district.

Table 4.35

Problems faced -Garretts Ranking Technique

Sl. No	Problems faced	Total Scores	Average Scores	Rank
1	Lack of customer services	12861	23.38	I
2	No prompt Payment of maturity	11646	21.17	V
3	No Prompt claim settlement	9411	17.11	VI
4	Lack of Agent Service	11950	21.73	III
5	Lack of E-Service	11930	21.69	IV
6	Lack of Branch Premises	12148	22.09	II

Source: Primary Data

Table clearly shows that the sample policyholders gave first rank to the problems 'lack of customer services' as the problems faced by the policyholders in Tirunelveli district. Table further clearly shows that the policyholders gave second rank to the problems 'lack of branch premises'. It is clear from table that the policyholders gave last rank to the problem 'no prompt claim settlement'.

CHAPTER - V

PREFERENCES AND SATISFACTIONS OF POLICYHOLDERS

5.1 INTRODUCTION

5.2 LEVEL OF PREFERENCE

5.3 LEVEL OF PREFERENCE TOWARDS INSURANCE PRODUCTS OF LIC OF INDIA AMONG POLICY HOLDERS IN TIRUNELVELI DISTRICT

5.4 PREFERENCE TOWARDS INSURANCE PRODUCTS OF LIC OF INDIA AMONG DIFFERENT SOCIO ECONOMIC CONDITIONS OF LIC POLICYHOLDERS – ANOVA

5.5 LEVEL OF SATISFACTION

5.6 LEVEL OF SATISFACTION TOWARDS SERVICES OF LIC OF INDIA AMONG POLICY HOLDERS IN TIRUNELVELI DISTRICT

CHAPTER V

PREFERENCES AND SATISFACTIONS OF POLICYHOLDERS

5.1 INTRODUCTION

This chapter deals with the analysis of the preference and satisfaction of policyholders of LIC in Tirunelveli district. For this purpose primary data were collected by the interview schedule method. The researcher has analyzed the data on the basis of respondents' socio-economic factors such as age, sex, marital status, educational qualification, occupational status, area of residence, type of family, nature of residence, family income per month, savings per month and mode of payment. This chapter further analyses with the help of ANOVA test to find out the relationship between policyholders preference towards insurance products of LIC of India and their socio-economic variables such as age, sex, marital status, educational qualification, occupational status, type of family, area of residence, nature of residence, family income per month, savings per month and mode of payment with the help of amount invest. Further, this chapter deals with the analysis of the satisfaction of policyholders towards services of LIC of India in Tirunelveli district. This chapter also analyses with the help of Chi-square test to find out the relationship between policyholders' satisfaction towards services of LIC of India and their socio-economic variables such as age, sex, marital status, educational qualification, occupational status, type of family, area of residence, nature of residence, family income per month, savings per month and mode of payment. Primary data collected from policyholders through a interview schedule have been used for the preparation of this chapter.

5.2 LEVEL OF PREFERENCE

On the basis of level of preference scores, the policyholders are categorized into three categories as,

- (i) Policyholders with high level of preference
- (ii) Policyholders with moderate level of preference
- (iii) Policyholders with low level of preference

Policyholders are categorized into three categories on the basis of the preference scores. In order to categorize the policyholders into three categories, the respective scores have been averaged and the mean is calculated. Their respective standard deviation is calculated. Total scores of all the 550 policyholders came to 20911 and the average score is 38.02 and the standard deviation is 8.27. The boundary levels of categorization are worked out by using formula $x \pm \sigma$. Thus, the upper boundary for low preference is worked out as $x - \sigma$ i.e. $38.02 - 8.27 = 29.75$ i.e. 30. The lower boundary for higher preference is worked out as $x + \sigma$ i.e. $38.02 + 8.27 = 46.29$ ie 46. Those policyholders with scores in between the two boundaries 30 and 46 are regarded as policyholders with moderate preference.

The following table presents the scores for categorization of policyholders into three categories.

Table 5.1

Details of preference scores

Sl. No	Level of Preference	Preference Scores
1	Low	Below 30
2	Moderate	30-46
3	High	Above 46

Source: Primary Data

Table shows the boundary levels for three categories of policyholders. It is clear from the table that the policyholders scored below 30 are categorized as policyholders with low level of preference, the policyholders scored in between 30 to 46 are having moderate level of preference and the policyholders scored above 46 are regarded with policyholders with high level of preference. Policyholders are categorized into these three categories on the basis of their preference towards insurance products of LIC of India and the details are furnished in table 5.2.

Table 5.2

Level of preference towards insurance products of LIC of India

Sl. No	Level of Preference	No. of Policyholders	Percentage
1	Low	128	23.3
2	Moderate	358	65.1
3	High	64	11.6
	Total	550	100

Source: Primary data

Table 5.2 reveals that out of 550 policyholders, 358 policyholders have moderate level of preference towards insurance products of LIC, 128 policyholders preference towards insurance products of LIC is at low level and 64 policyholders have high level of preference towards insurance products of LIC. It is inferred from table that majority of the policyholders preference towards insurance products of LIC of India is at moderate level.

5.3 LEVEL OF PREFERENCE TOWARDS INSURANCE PRODUCTS OF LIC OF INDIA AMONG POLICY HOLDERS IN TIRUNELVELI DISTRICT

The level of preference towards insurance products of LIC of India differs from one policy holder to another. The level of preference towards insurance products of LIC of India depends upon the socio economic conditions of policyholders. In order to find out the level of preference towards insurance products of LIC of India among policyholders of different socio-economic conditions of policyholders, the data have been collected from the policyholders and presented below.

5.3.1 Level of preference towards insurance products of LIC of India among different age group of policyholders

The level of preference towards insurance products of LIC of India differs among different age group of the policyholders. The young aged policyholders may prefer insurance products of LIC of India at high level while the old aged policyholders may prefer insurance products of LIC of India at low level. In order to find out the level of preference towards insurance products of LIC of India among different age group of the policyholders, the data have been collected from the policyholders and presented in the table.

Table 5.3

Level of preference towards insurance products of LIC of India among different age group of policyholders

Age	Level of Preference			Total
	Low	Moderate	High	
Below 20	11(2)	57(10.4)	14(2.5)	82(14.9)
20 to 30	83(15.1)	187(34)	30(5.5)	300(54.5)
31 to 40	21(3.8)	52(9.5)	6(1.1)	79(14.4)
41 to 50	11(2)	40(7.3)	5(0.9)	56(10.2)
51 to 60	1(0.2)	12(2.2)	7(1.3)	20(3.6)
Above 60	1(0.2)	10(1.8)	2(0.4)	13(2.4)
Total	128(23.3)	358(65.1)	64(11.6)	550(100)

Source: Primary data

Table 5.3 reveals that 34 per cent of the policyholders in the age group of 20 to 30 preferred insurance products of LIC of India at moderate level, 15.1 per cent of the policyholders in the age group of 20 to 30 have low level of preference towards insurance products of LIC of India and 10.4 per cent of the policyholders in the age group of below 20 preferred at moderate level. It is inferred from table that majority of the policyholders who are in the age group of 20 to 30 have moderate level of preference. As the future is uncertain, the young categories of people below 30 years prefer to invest in insurance products.

5.3.2 Level of Preference towards insurance products of LIC of India among different gender group of Policyholders

The level of preference towards insurance products of LIC of India differs among different gender group of the policyholders. The male policyholders may prefer insurance products of LIC of India at high level whereas the female policyholders may prefer insurance products of LIC of India at low level. In order to find out the level of preference towards insurance products of LIC of India among different gender group of the policyholders, the data have been collected and presented in the following table.

Table 5.4

Level of Preference towards insurance products of LIC of India among different gender group of Policyholders

Gender	Level of Preference			Total
	Low	Moderate	High	
Male	54(9.8)	183(33.3)	28(5.1)	265(48.2)
Female	74(13.5)	175(31.8)	36(6.5)	285(51.8)
Total	128(23.3)	358(65.1)	64(11.6)	550(100)

Source: Primary data

The table reveals that 33.3 per cent of the male policyholders preferred towards insurance products of LIC of India at moderate level, 31.8 per cent of the female policyholders preferred insurance products of LIC of India at moderate level and 13.5 per cent of the female policyholders preferred insurance products of LIC of India at low level, 9.8 per cent of the male policyholders preferred insurance products of LIC of India at low level and 6.5 per cent of the policyholders have high level of preference towards insurance products of LIC of India. It is clear from table that majority of the female policyholders' preferred insurance products of LIC of India at moderate level in the study area.

5.3.3 Level of preference towards insurance products of LIC of India among different marital status of policyholders

The level of preference towards insurance products of LIC of India differs among different marital status of the policyholders. The married policyholders may prefer insurance products of LIC of India at high level while the unmarried policyholders may prefer insurance products of LIC of India at low level. In order to find out the level of preference towards insurance products of LIC of India among different marital status of the policyholders, the data have been collected from the policyholders and presented in the table.

Table 5.5
Level of preference towards insurance products of LIC of India among different marital status of policyholders

Marital Status	Level of Preference			Total
	Low	Moderate	High	
Single	86(15.6)	217(39.8)	50(9.1)	355(64.5)
Married	42(7.6)	139(25.3)	14(2.5)	195(35.5)
Total	128(23.3)	358(65.1)	64(11.6)	550(100)

Source: Primary data

The table reveals that 39.8 per cent of the policyholders are unmarried have moderate level of preference insurance products of LIC of India, 25.3 per cent of the policyholders who are married have moderate level of preference towards insurance products of LIC of India and 15.6 per cent of unmarried policyholders preferred insurance products of LIC of India at low level. Since, the amount of expenses is less, single status people tend to insure more than married status people.

5.3.4 Level of preference towards insurance products of LIC of India among different educational qualification of policyholders

The level of preference towards insurance products of LIC of India differs among different educational qualification of the policyholders. The high educated policyholders may prefer insurance products of LIC of India at high level but the low educated policyholders may prefer insurance products of LIC of India at low level. In order to find out the level of preference towards insurance products of LIC of India among different educational qualification of the policyholders, the data have been collected and presented in the subsequent table.

Table 5.6

Level of preference towards insurance products of LIC of India among different educational qualification of policyholders

Educational Qualification	Level of Preference			Total
	Low	Moderate	High	
No formal education	3(0.5)	21(3.8)	7(1.3)	31(5.6)
School level	25(4.5)	104(18.9)	20(3.6)	149(27.1)
College level	51(9.3)	152(27.6)	27(4.9)	230(41.8)
Professional	49(8.9)	81(14.7)	10(1.8)	140(25.5)
Total	128(23.3)	358(65.1)	64(11.6)	550(100)

Source: Primary data

Table 5.6 reveals that 27.6 per cent of the policyholders having the educational qualification of college level preferred insurance products of LIC of India at moderate level, 18.9 per cent of the policyholders having the educational qualification of school level preferred at moderate level, 14.7 per cent of the policyholders having professional education preferred insurance products of LIC of India at moderate level, 9.3 per cent of the policyholders having the educational qualification of college level at low level and 8.9 per cent of the policyholders having the professional education have low level of preference towards insurance products of LIC of India. Policyholders with high level of educational qualification example, college level prefer insurance products more than policyholders with low level of educational qualification.

5.3.5 Level of preference towards insurance products of LIC of India among different occupation of policyholders

The level of preference towards insurance products of LIC of India differs among different occupation of the policyholders. The policyholders of agriculturists may prefer insurance products of LIC of India at high level while the businessmen policyholders may prefer insurance products of LIC of India at low level. In order to find out the level of preference towards insurance products of LIC of India among different occupation of the policyholders, the data have been collected from the policyholders and presented in the table.

Table 5.7

**Level of preference towards insurance products of LIC of India among different
occupation of policyholders**

Occupation	Level of Preference			Total
	Low	Moderate	High	
Private employee	38(6.9)	117(21.3)	16(2.9)	171(31.1)
Government employee	9(1.6)	33(6)	6(1.1)	48(8.7)
Businessman	21(3.8)	74(13.5)	8(1.5)	103(18.7)
Professional	37(6.7)	60(10.9)	14(2.5)	111(20.2)
Agriculturist	9(1.6)	31(5.6)	11(2)	51(9.3)
Housewife	13(2.4)	36(6.5)	6(1.1)	55(10)
Retired employee	1(0.1)	7(1.3)	3(0.5)	11(2)
Total	128(23.3)	358(65.1)	64(11.6)	550(100)

Source: Primary data

It is clear from the table that 21.3 per cent of the policyholders are private employee having moderate level of preference towards insurance products of LIC of India, 13.5 per cent of the policyholders who are businessmen preferred insurance products of LIC of India at moderate level, 10.9 per cent of the policyholders who are professional having moderate level of preference and 6.9 per cent of the policyholders who are private employee preferred insurance products of LIC of India at low level. As the job and life security is uncertain in private sector, the private sector employee tend to invest in insurance sector in higher level than other category people.

5.3.6 Level of preference towards insurance products of LIC of India among different type of family of policyholders

The level of preference towards insurance products of LIC of India differs among different type of family of the policyholders. The policyholders belong to nuclear family may prefer insurance products of LIC of India at high level whereas the policyholders belong to joint family may prefer insurance products of LIC of India at low level. In order to find out the level of preference towards insurance products of LIC of India among different type of family of the policyholders, the data have been collected from the policyholders and presented in the table.

Table 5.8

Level of preference towards insurance products of LIC of India among different type of family of policyholders

Type of Family	Level of Preference			Total
	Low	Moderate	High	
Joint family	85(15.5)	238(43.3)	34(6.2)	357(64.9)
Nuclear family	43(7.8)	120(21.8)	30(5.5)	193(35.1)
Total	128(23.3)	358(65.1)	64(11.6)	550(100)

Source: Primary data

Table 5.8 exhibits that 43.3 per cent of the policyholders belong to joint family have moderate level of preference towards insurance products of LIC of India, 21.8 per cent of the policyholders belong to nuclear family have preferred at moderate level, 15.5 per cent of the policyholders belong to joint family have low level of preference towards insurance products of LIC of India, 7.8 per cent of the policyholders belong to nuclear family preferred insurance products of LIC of India are at low level, 6.2 per cent of the policyholders belong to joint family preferred at high level and 5.5 per cent of the policyholders belong to nuclear family preferred insurance products of LIC of India are at high level. It is clear from the table that majority of the policyholders belong to joint family preferred at moderate level is high in the study area. Joint family system is an important factor is preference of insurance policy.

5.3.7 Level of preference towards insurance products of LIC of India among different location of policyholders

The level of preference towards insurance products of LIC of India differs among different location of the policyholders. The rural policyholders may prefer insurance products of LIC of India at high level while the urban policyholders prefer insurance products of LIC of India at low level. In order to find out the level of preference towards insurance products of LIC of India among different location of the policyholders, the data have been collected from the policyholders and presented in the table.

Table 5.9

Level of preference towards insurance products of LIC of India among different location of policyholders

Location	Level of Preference			Total
	Low	Moderate	High	
Urban	55(10)	156(28.4)	24(4.4)	235(42.7)
Rural	73(13.3)	202(36.7)	40(7.3)	315(57.3)
Total	128(23.3)	358(65.1)	64(11.6)	550(100)

Source: Primary data

Table 5.9 reveals that 36.7 per cent of the policyholders located in rural area have moderate level of preference towards insurance products of LIC of India. 28.4 per cent of the policyholders located in urban area preferred towards insurance products of LIC of India are at moderate level, 13.3 per cent of the policyholders located in rural area have low level of preference towards insurance products of LIC of India and 7.3 per cent of the policyholders located in rural area preferred towards insurance products of LIC of India are at high level. It is clear from table that majority of the policyholders located in rural area preferred towards insurance products of LIC of India are at moderate level.

5.3.8 Level of preference towards insurance products of LIC of India among different nature of residence of policyholders

The level of preference towards insurance products of LIC of India differs among different nature of residence of the policyholders. The policyholders reside in owned house may prefer insurance products of LIC of India at high level while the policyholders reside in rented house may prefer insurance products of LIC of India at low level. In order to find out the level of preference towards insurance products of LIC of India among different nature of residence of the policyholders, the data have been collected from the policyholders and presented in the table.

Table 5.10

Level of preference towards insurance products of LIC of India among different nature of residence of policyholders

Nature of Residence	Level of Preference			Total
	Low	Moderate	High	
Owned	102(18.5)	239(43.5)	39(7.1)	380(69.1)
Leased	16(2.9)	55(10)	14(2.5)	85(15.4)
Rented	10(1.8)	64(11.6)	11(2)	85(15.4)
Total	128(23.3)	358(65.1)	64(11.6)	550(100)

Source: Primary data

Table 5.10 shows that 43.5 per cent of the policyholders reside in owned house have moderate level of preference, 18.5 per cent of the policyholders reside in owned house preferred insurance products of LIC of India at low level and 11.6 per cent of the policyholders reside in rented house preferred insurance products of LIC of India at moderate level, 10 per cent of the policyholders reside in leased house preferred insurance products of LIC of India are at moderate level. Policyholders with own house is an important factor for preference of LIC products.

5.3.9 Level of preference towards insurance products of LIC of India among different monthly family income of policyholders

The level of preference towards insurance products of LIC of India differs among different monthly family income of the policyholders. The high monthly family income policyholders might prefer insurance products of LIC of India are at high level whereas the low monthly family income policyholders may prefer insurance products of LIC of India are at low level. In order to find out the level of preference towards insurance products of LIC of India among different monthly family income of the policyholders, the data have been collected from the policyholders and presented in the table.

Table 5.11

**Level of preference towards insurance products of LIC of India among different
monthly family income of policyholders**

Monthly Family Income	Level of Preference			Total
	Low	Moderate	High	
Below Rs.10000	65(11.8)	162(29.5)	31(5.6)	258(46.9)
Rs.10000 to 20000	25(4.5)	117(21.3)	14(2.5)	156(28.4)
Rs.20000 to 30000	13(2.4)	49(8.9)	9(1.6)	71(12.9)
Rs.30000 to 40000	14(2.5)	16(2.9)	3(0.5)	33(6)
Above Rs.40000	11(2)	14(2.5)	7(1.3)	32(5.8)
Total	128(23.3)	358(65.1)	64(11.6)	550(100)

Source: Primary data

Table 5.11 exhibits that 29.5 per cent of the policyholders are in the monthly family income of below Rs.10000 have moderate level of preference towards insurance products of LIC of India, 21.3 per cent of the policyholders in the monthly family income of Rs.10000 to 20000 preferred at moderate level and 11.8 per cent of the policyholders in the monthly family income of below Rs.10000 have low level of preference. Income level of below Rs. 20000 or Rs. 10000 is very important factor to induce the people to invest in insurance products to secure their life and family.

5.3.10 Level of preference towards insurance products of LIC of India among different monthly savings of policyholders

The level of preference towards insurance products of LIC of India differs among different monthly savings of the policyholders. The policyholders save high monthly savings may prefer insurance products of LIC of India at high level while the low monthly savings of policyholders may prefer insurance products of LIC of India at low level. In order to find out the level of preference towards insurance products of LIC of India among different monthly savings of the policyholders, the data have been collected and presented in the table.

Table 5.12
Level of preference towards insurance products of LIC of India among different monthly savings of policyholders

Monthly savings	Level of Preference			Total
	Low	Moderate	High	
Upto Rs.3000	67(12.2)	205(37.3)	43(7.8)	315(57.3)
Rs.3000 to 8000	41(7.5)	106(19.3)	15(2.7)	162(29.5)
Rs.8000 to 13000	15(2.7)	29(5.3)	6(1.1)	50(9.1)
Rs.13000 to 18000	3(0.5)	8(1.5)	-	11(2)
Above Rs.18000	2(0.3)	10(1.8)	-	12(2.2)
Total	128(23.3)	358(65.1)	64(11.6)	550(100)

Source: Primary data

Table 5.12 presents that 37.3 per cent of the policyholders have saving up to Rs.3000 have moderate level of preference towards insurance products of LIC of India, 19.3 per cent of the policyholders have saving Rs.3000 to 8000 are at moderate level of preference and 12.2 per cent of the policyholders saving up to Rs.3000 preferred at low level. Policyholders with savings of Below Rs. 3000 to 8000 have more preference of LIC products.

5.3.11 Level of preference towards insurance products of LIC of India among different mode of payment of policyholders

The level of preference towards insurance products of LIC of India differs among different mode of payment of the policyholders. The policyholders paying monthly policy may prefer insurance products of LIC of India at high level whereas the policyholders paying yearly policy may prefer insurance products of LIC of India at low level. In order to find out the level of preference towards insurance products of LIC of India among different mode of payment of the policyholders, the data have been collected from the policyholders and presented in the table.

Table 5.13

Level of preference towards insurance products of LIC of India among different mode of payment of policyholders

Mode of Payment	Level of Preference			Total
	Low	Moderate	High	
Monthly	67(12.2)	179(32.5)	45(8.2)	291(52.9)
Quarterly	43(7.8)	89(16.2)	6(1.1)	138(25.1)
Half yearly	17(3.1)	56(10.2)	8(1.5)	81(14.7)
Yearly	1(0.2)	34(6.2)	5(0.9)	40(7.3)
Total	128(23.3)	358(65.1)	64(11.6)	550(100)

Source: Primary data

Table 5.13 shows that 32.5 per cent of the policyholders paying monthly policy have moderate level of preference towards insurance products of LIC of India, 16.2 per cent of the policyholders paying quarterly policy preferred insurance products of LIC of India at moderate level and 12.2 per cent of the policyholders paying monthly policy preferred insurance products of LIC of India at low level. Monthly mode of payment of premium is most preferred medium by the policyholders.

5.4 PREFERENCE TOWARDS INSURANCE PRODUCTS OF LIC OF INDIA AMONG DIFFERENT SOCIO ECONOMIC CONDITIONS OF LIC POLICYHOLDERS - ANOVA

Preference of policyholders towards insurance products of LIC of India in Tirunelveli district has relationship with many socio-economic variables. These variables have influence on preference towards insurance products of LIC of India. Hence, preference of policyholders towards insurance products of LIC of India is analyzed in terms of these variables.

5.4.1 Age and preference towards insurance products of LIC of India

Policyholders of different age groups have preferred insurance products of LIC of India at different levels. The young aged policyholders might have highly preferred insurance products of LIC of India, others of old aged policyholders may have low level of preference towards insurance products of LIC of India. In order to study the relationship between preference towards insurance products of LIC of India and age groups, 'ANOVA' test is attempted with the null hypothesis as, "there is no significant difference in preference towards insurance products of LIC of India among different age group of policyholders in Tirunelveli district". The result of 'ANOVA' test is presented in table 5.15.

Table 5.14

Preference towards insurance products of LIC of India among different age group of policyholders-ANOVA

Preference towards insurance products of LIC of India	Sum of Squares	df	Mean Square	F	p Value
Between Groups	1296.691	5	259.338	3.896	0.002
Within Groups	36212.089	544	66.566		
Total	37508.780	549			

The table exhibits that preference towards insurance products of LIC of India among different age group of policyholders in Tirunelveli district. Since the 'p' value is less than 0.05, the null hypothesis is rejected. It shows that age wise there is a significant difference in preference towards insurance products of LIC of India among policyholders in Tirunelveli district. It is further clear from the table that age is a significant variable in influencing preference towards insurance products of LIC of India among policyholders in Tirunelveli district.

5.4.2 Gender and preference towards insurance products of LIC of India

Policyholders of different gender groups have preferred insurance products of LIC of India at different levels. The male policyholders might have highly preferred insurance products of LIC of India, others female policyholders might have low level of preference towards insurance products of LIC of India. In order to study the relationship between preference towards insurance products of LIC of India and gender of policyholders, 't' test is attempted with the null hypothesis as, "there is no significant difference in preference towards insurance products of LIC of India among different gender group of policyholders in Tirunelveli district". The result of 't' test is presented in table 5.16.

Table 5.15

Preference towards insurance products of LIC of India among different gender group of policyholders- 'T' Test

Particulars	Levene's Test for Equality of variances		t-test for Equality of means		
	F	Sig	t	df	Sig (2-tailed)
Preference towards insurance products of LIC of India	6.575	0.011	2.110	547	0.035

The table clearly shows the preference towards insurance products of LIC of India among different gender group of policyholders in Tirunelveli district. Since, the 'p' value is less than 0.05, the null hypothesis is rejected. It is clear from table that gender wise there is a significant difference in preference towards insurance products of LIC of India among policyholders in Tirunelveli district. It is further clear from the table that gender is a significant variable in influencing preference towards insurance products of LIC of India among policyholders in Tirunelveli district.

5.4.3 Marital status and preference towards insurance products of LIC of India

Policyholders with different marital status such as married and unmarried have preferred insurance products of LIC of India at different levels. The policyholders who are married may have highly preferred insurance products of LIC of India, while unmarried policyholders might have low level of preference towards insurance products of LIC of India. In order to study the relationship between preference towards insurance products of LIC of India and marital status, 't' test is attempted with the null hypothesis as, "there is no significant difference in preference towards insurance products of LIC of India among different marital status of policyholders in Tirunelveli district". The result of 't' test is presented in table 5.17.

Table 5.16

Preference towards insurance products of LIC of India among different marital status of policyholders- ‘T’ Test

Particulars	Levene’s Test for Equality of variances		t-test for Equality of means		
	F	Sig	t	df	Sig (2-tailed)
Preference towards insurance products of LIC of India	7.980	0.005	0.096	548	0.924

Table 5.16 shows that preference towards insurance products of LIC of India among different marital status of policyholders in Tirunelveli district. Since the ‘p’ value is higher than 0.05, the null hypothesis is accepted. It clearly exhibits that marital status wise there is no significant difference in preference towards insurance products of LIC of India among policyholders in Tirunelveli district. It is further evident from the table that marital status is not a significant variable in influencing preference towards insurance products of LIC of India among policyholders in Tirunelveli district.

5.4.4 Educational qualification and preference towards insurance products of LIC of India

Policyholders with different educational qualification such as graduate and professional qualification have preferred insurance products of LIC of India at different level. While the policyholders with graduate qualification might have highly preferred insurance products of LIC of India while others with low educational qualification might have low level of preference towards insurance products of LIC of India. In order to study the relationship between preference towards insurance products of LIC of India and educational qualification, 'ANOVA' test is attempted with the null hypothesis as, "there is no significant difference in preference towards insurance products of LIC of India among different educational qualification of policyholders in Tirunelveli district". The result of 'ANOVA' test is presented in the table.

Table 5.17

Preference towards insurance products of LIC of India among different educational qualification of policyholders-ANOVA

Preference towards insurance products of LIC of India	Sum of Squares	df	Mean Square	F	p Value
Between Groups	1118.368	3	372.789	5.593	0.001
Within Groups	36390.412	546	66.649		
Total	37508.780	549			

Table 5.17 presents that preference towards insurance products of LIC of India among different educational qualification of policyholders in Tirunelveli district. Since, the 'p' value is less than 0.05, the null hypothesis is rejected. It reveals that educational qualification wise there is a significant difference in preference towards insurance products of LIC of India among policyholders in Tirunelveli district. It is clearly understood from the table that educational qualification is a significant variable in influencing preference towards insurance products of LIC of India among policyholders in Tirunelveli district.

5.4.5 Occupation and preference towards insurance products of LIC of India

Policyholders with different occupation such as business and profession have preferred insurance products of LIC of India at different levels. While the policyholders of businessmen may have highly preferred insurance products of LIC of India, policyholders of professionals may have low level of preference towards insurance products of LIC of India. In order to study the relationship between preference towards insurance products of LIC of India and occupation, ‘ANOVA’ test is attempted with the null hypothesis as, “there is no significant difference in preference towards insurance products of LIC of India among different occupations of policyholders in Tirunelveli district”. The result of ‘ANOVA’ test is presented in table 5.19.

Table 5.18

Preference towards insurance products of LIC of India among different occupation of policyholders-ANOVA

Preference towards insurance products of LIC of India	Sum of Squares	df	Mean Square	F	p Value
Between Groups	474.697	6	79.116	1.160	0.326
Within Groups	36953.296	542	68.180		
Total	37427.993	548			

From the ANOVA test, the 'F' value for preference towards insurance products of LIC of India among different occupation of policyholders in Tirunelveli district is 1.160 which is significant at the 'p' value of 0.326. Since the 'p' value is higher than 0.05, the null hypothesis is accepted. Therefore it may be concluded that there is no significant difference in preference towards insurance products of LIC of India among different occupation of policyholders in Tirunelveli district. It is concluded that occupation is not a significant variable in influencing the preference towards insurance products of LIC of India among policyholders in Tirunelveli district.

5.4.6 Type of the family and preference towards insurance products of LIC of India

Policyholders belonging to different type of the family such as nuclear family and joint families have preferred insurance products of LIC of India at different level. The policyholders belonging to nuclear family might have highly preferred insurance products of LIC of India, while others in joint family might have low level of preference towards insurance products of LIC of India. In order to study the relationship between preference towards insurance products of LIC of India and type of the family, 't' test is attempted with the null hypothesis as, "there is no significant difference in preference towards insurance products of LIC of India among different type of family of policyholders in Tirunelveli district". The result of 't' test is presented in table 5.20.

Table 5.19

Preference towards insurance products of LIC of India among different type of family of policyholders- ‘T’ Test

Particulars	Levene’s Test for Equality of variances		t-test for Equality of means		
	F	Sig	t	df	p value
Preference towards insurance products of LIC of India	1.750	0.186	-1.985	548	0.048

Table exhibits that preference towards insurance products of LIC of India among different type of family of policyholders in Tirunelveli district. Since the ‘p’ value is less than 0.05, the null hypothesis is rejected. It shows that depending upon the type of family there is a significant difference in preference towards insurance products of LIC of India among policyholders in Tirunelveli district. It is further evident from the table that type of family is a significant variable in influencing preference towards insurance products of LIC of India among policyholders in Tirunelveli district.

5.4.7 Area of residence of policyholders and preference towards insurance products of LIC of India

Policyholders of different location have preferred insurance products of LIC of India at different level. The rural policyholders have highly preferred insurance products of LIC of India, others of urban policyholders have low of preference towards insurance products of LIC of India. In order to study the relationship between preference towards insurance products of LIC of India and location of policyholders, 't' test is attempted with the null hypothesis as, "there is no significant difference in preference towards insurance products of LIC of India among different location of policyholders in Tirunelveli district". The result of 't' test is presented in table.

Table 5.20

Preference towards insurance products of LIC of India among different area of residence of policyholders- 'T' Test

Particulars	Levene's- Test for Equality of variances		t-test for Equality of means		
	F	Sig	t	df	p value
Preference towards insurance products of LIC of India	0.057	0.811	-0.768	548	0.443

Table 5.20 shows that preference towards insurance products of LIC of India among different location of policyholders in Tirunelveli district. Since the 'p' value is higher than 0.05, the null hypothesis is accepted. It shows that location wise there is no significant difference in preference towards insurance products of LIC of India among policyholders in Tirunelveli district. It is further clear from the table that location is not a significant variable in influencing preference towards insurance products of LIC of India among policyholders in Tirunelveli district.

5.4.8 Nature of residence and preference towards insurance products of LIC of India

Policyholders of different nature of residence such as owned, leased and rented house have preferred insurance products of LIC of India at different level. The policyholders reside in owned house may have highly preferred insurance products of LIC of India, while others reside in leased and rented house may have low level of preference towards insurance products of LIC of India. In order to study the relationship between preference towards insurance products of LIC of India and nature of residence, 'ANOVA' test is attempted with the null hypothesis as, "there is no significant difference in preference towards insurance products of LIC of India among different nature of residence of policyholders in Tirunelveli district". The result of 'ANOVA' test is presented in table 5.21.

Table 5.21

Preference towards insurance products of LIC of India among different nature of residence of policyholders-ANOVA

Preference towards insurance products of LIC of India	Sum of Squares	df	Mean Square	F	p Value
Between Groups	847.512	2	423.756	6.323	0.002
Within Groups	36661.268	547	67.022		
Total	37508.780	549			

It is clearly understood from the ANOVA test, the 'F' value for preference towards insurance products of LIC of India among different nature of residence of policyholders in Tirunelveli district is 6.323 which is significant at the 'p' value of 0.002. Since the 'p' value is less than 0.05, the null hypothesis is rejected. Therefore it may be concluded that there is a significant difference in preference towards insurance products of LIC of India among different nature of residence of policyholders in Tirunelveli district. It is inferred from the table that nature of residence is a significant variable in influencing the preference towards insurance products of LIC of India among policyholders in Tirunelveli district.

5.4.9 Monthly family income and preference towards insurance products of LIC of India

Policyholders with different monthly family income such as low and high monthly family income have been preferred LIC of India at different level. While the policyholders with high monthly family income might have highly preferred LIC of India, others of low monthly family income policyholders might have low level of preference towards LIC of India. In order to study the relationship between preference towards LIC of India and monthly family income, ‘ANOVA’ test is attempted with the null hypothesis as, “there is no significant difference in preference towards LIC of India among different monthly family income of policyholders in Tirunelveli district”. The result of ‘ANOVA’ test is presented in table 5.22.

Table 5.22

Preference towards insurance products of LIC of India among different monthly family income of policyholders-ANOVA

Preference towards LIC of India	Sum of Squares	df	Mean Square	F	p Value
Between Groups	605.853	4	151.463	2.243	0.063
Within Groups	36734.140	544	67.526		
Total	37339.993	548			

It is clear from the ANOVA test, the 'F' value for preference towards insurance products of LIC of India among different monthly family income of policyholders in Tirunelveli district is 2.243 which is significant at the 'p' value of 0.063. Since the 'p' value is higher than 0.05, the null hypothesis is accepted. Therefore it may be inferred that there is no significant difference in preference towards insurance products of LIC of India among different monthly family income of policyholders in Tirunelveli district. It is concluded that monthly family income is not a significant variable in influencing the preference towards insurance products of LIC of India among policyholders in Tirunelveli district.

5.4.10 Monthly savings and preference towards insurance products of LIC of India

Policyholders of different monthly savings have preferred insurance products of LIC of India at different level. The policyholders of high monthly savings may have highly preferred insurance products of LIC of India, while others of low monthly savings may have low level of preference towards insurance products of LIC of India. In order to study the relationship between preference towards insurance products of LIC of India and monthly savings, 'ANOVA' test is attempted with the null hypothesis as, "there is no significant difference in preference towards insurance products of LIC of India among different monthly savings of policyholders in Tirunelveli district". The result of 'ANOVA' test is presented in table 5.23.

Table 5.23

Preference towards insurance products of LIC of India among different monthly savings of policyholders-ANOVA

Preference towards insurance products of LIC of India	Sum of Squares	df	Mean Square	F	p Value
Between Groups	434.593	4	108.648	1.597	0.174
Within Groups	37074.187	545	68.026		
Total	37508.780	549			

From the ANOVA test, the 'F' value for preference towards insurance products of LIC of India among different monthly savings of policyholders in Tirunelveli district is 1.597 which is significant at the 'p' value of 0.174. Since the 'p' value is higher than 0.05, the null hypothesis is accepted. Therefore it may be concluded that there is no significant difference in preference towards insurance products of LIC of India among different monthly savings of policyholders in Tirunelveli district. It is clearly understood from the table that monthly savings is a significant variable in influencing the preference towards insurance products of LIC of India among policyholders in Tirunelveli district.

5.4.11 Mode of payment and preference towards insurance products of LIC of India

Policyholders of different mode of payment have preferred insurance products of LIC of India at different level. The policyholders paying monthly policy might have highly preferred insurance products of LIC of India, while others paying yearly policy might have low level of preference towards insurance products of LIC of India. In order to study the relationship between preference towards insurance products of LIC of India and mode of payment, ‘ANOVA’ test is attempted with the null hypothesis as, “there is no significant difference in preference towards insurance products of LIC of India among different mode of payment of policyholders in Tirunelveli district”. The result of ‘ANOVA’ test is presented in table 5.24.

Table 5.24**Preference towards insurance products of LIC of India among different mode of payment of policyholders-ANOVA**

Preference towards insurance products of LIC of India	Sum of Squares	df	Mean Square	F	p Value
Between Groups	1002.314	3	334.105	4.997	0.002
Within Groups	36506.466	546	66.862		
Total	37508.780	549			

It is clearly understood from the ANOVA test, the 'F' value for preference towards insurance products of LIC of India among different mode of payment of policyholders in Tirunelveli district is 4.997 which is significant at the 'p' value of 0.002. Since the 'p' value is less than 0.05, the null hypothesis is rejected. Therefore it may be inferred that there is a significant difference in preference towards insurance products of LIC of India among different mode of payment of policyholders in Tirunelveli district. It is inferred that mode of payment is a significant variable in influencing the preference towards insurance products of LIC of India among policyholders in Tirunelveli district.

5.5 LEVEL OF SATISFACTION

On the basis of level of satisfaction scores, the policyholders are categorized into three categories as follows:

- (i) Policyholders with high level of satisfaction
- (ii) Policyholders with moderate level of satisfaction
- (iii) Policyholders with low level of satisfaction

Policyholders are categorized into three categories on the basis of the satisfaction scores. In order to categorize the policyholders into three categories, the respective scores have been averaged and the mean is calculated. Their respective standard deviation is calculated. Total scores of all the 550 policyholders came to 20911 and the average score is 24.09 and the standard deviation is 5.77. The boundary levels of categorization are worked out by using the formula $x \pm \sigma$. Thus, the upper boundary for low satisfaction is worked out as $x - \sigma$ ie $24.09 - 5.77 = 18.32$ i.e 18. The lower boundary for higher satisfaction is worked out as $x + \sigma$ ie $24.09 + 5.77 = 29.86$ ie 29. Those policyholders with scores in between the two boundaries i.e 18 and 30 are regarded as policyholders with moderate satisfaction.

The following table presents the scores for categorization of policyholders into these three categories.

Table 5.25

Details of satisfaction scores

Sl. No	Level of Satisfaction	Satisfaction Scores
1	Low	Below 18
2	Moderate	18-30
3	High	Above 30

Table 5.25 shows the boundary levels for three categories of policyholders. It is clear from table that the policyholders scored below 18 are categorized as policyholders with low level of satisfaction, the policyholders scored in between 18 to 30 are having moderate level of satisfaction and the policyholders scored above 30 are categorized as policyholders with high level of satisfaction. Policyholders are categorized into these three categories on the basis of their satisfaction towards services of LIC of India and the details are furnished in the subsequent table.

Table 5.26

Level of satisfaction towards services of LIC of India

Sl. No	Level of Satisfaction	No. of Policyholders	Percentage
1	Low	100	18.2
2	Moderate	383	69.6
3	High	67	12.2
	Total	550	100

Source: Primary data

Table 5.26 reveals that out of 550 policyholders, 383 policyholders are having moderate level of satisfaction towards services of LIC of India, 100 policyholders are satisfied towards services of LIC of India at low level and 67 policyholders satisfied towards services of LIC of India at high level. It is evident from table that majority of the policyholders are having moderate level of satisfaction towards services of LIC of India in the study.

5.6 LEVEL OF SATISFACTION TOWARDS SERVICES OF LIC OF INDIA AMONG POLICY HOLDERS IN TIRUNELVELI DISTRICT

The level of satisfaction towards services of LIC of India differs from one policy holder to another. The level of satisfaction towards services of LIC of India depends upon the socio economic conditions of policyholders. In order to find out the level of satisfaction towards services of LIC of India among different socio economic conditions of policyholders, the data have been collected and presented in the ensuing pages:

5.6.1 Level of satisfaction towards services of LIC of India among different age group of policyholders

The level of satisfaction towards services of LIC of India differs among different age group of the policyholders. The young aged policyholders may be satisfied with the services of LIC of India at high level and the old aged policyholders may be satisfied with the services of LIC of India at low level. In order to find out the level of satisfaction towards services of LIC of India among different age group of the policyholders, the data have been collected. The following table shows the level of satisfaction towards services of LIC of India among different age group of policyholders in Tirunelveli district.

. Table 5.27

Level of satisfaction towards services of LIC of India among different age group of policyholders

Age	Level of Satisfaction			Total
	Low	Moderate	High	
Below 20	8(1.5)	68(12.4)	6(1.1)	82(14.9)
20 to 30	73(13.3)	193(35.1)	34(6.2)	300(54.5)
31 to 40	7(1.3)	63(11.5)	9(1.7)	79(14.4)
41 to 50	10(1.8)	39(7.1)	7(1.3)	56(10.2)
51 to 60	2(0.4)	14(2.5)	4(0.7)	20(3.6)
Above 60	-	6(1.1)	7(1.3)	13(2.4)
Total	100(18.2)	383(69.6)	67(12.2)	550(100)

Source: Primary data

Table reveals that 35.1 per cent of the policyholders who are in the age group of 20 to 30 have moderate level of satisfaction towards services of LIC of India, 21 per cent of the policyholders are in the age group of 20 to 30 have low level of satisfaction towards services of LIC of India and 10 per cent of the policyholders who are in the age group of 20 to 30 have high level of satisfaction towards services of LIC of India. It is evident from the table that majority of the policyholders who are in the age group of 20 to 30 have high level of satisfaction towards services of LIC of India.

In order to find out the relationship between the level of satisfaction towards services of LIC of India and age group of policyholders, ‘Chi-Square’ test is attempted with the null hypothesis as, “there is no significant relationship between the levels of satisfaction towards services of LIC of India among different age group of policyholders in Tirunelveli district”. The result of ‘Chi-Square’ test is shown in table.

Table 5.28

Age and level of satisfaction towards services of LIC of India -

Chi-Square Test

Age	Mean	Standard deviation	Calculated Chi-square Value	Degrees of freedom	Table Value	Level of Significance
Total	24.09	5.77	99.13	10	18.3	Significant
Below 20	25.79	5.97				
20 to 30	23.34	4.97				
31 to 40	24.11	5.35				
41 to 50	23.55	4.62				
51 to 60	25.40	7.11				
Above 60	30.77	5.77				

It is clear from table that there is a significant difference in the level of satisfaction towards services of LIC of India among different age group of policyholders. It shows that age influence the level of satisfaction towards services of LIC of India. It is also seen from the table that the calculated value of the Chi-Square for level of satisfaction towards services of LIC of India is higher than the table value (99.13) at the 5 per cent level, the null hypothesis is rejected. Hence it is inferred that significant difference exists in the level of satisfaction towards services of LIC of India among different age group of policyholders. It indicates that age influence the level of satisfaction towards services of LIC of India among policyholders in Tirunelveli district.

5.6.2 Level of satisfaction towards services of LIC of India among different gender group of policyholders

The level of satisfaction towards services of LIC of India differs among different gender group of the policyholders. The male policyholders may be satisfied with the services of LIC of India at high level and the female policyholders may be satisfied with the services of LIC of India at low level. In order to find out the level of satisfaction towards services of LIC of India among different gender group of the policyholders, the data have been collected. The following table shows the level of satisfaction towards services of LIC of India among different gender group of policyholders in Tirunelveli district.

Table 5.29

Level of satisfaction towards services of LIC of India among different gender group of policyholders

Gender	Level of Satisfaction			Total
	Low	Moderate	High	
Male	38(6.9)	185(33.6)	42(7.6)	265(48.2)
Female	62(11.3)	198(36)	25(4.5)	285(51.8)
Total	100(18.2)	383(69.6)	67(12.2)	550(100)

Source: Primary data

Table 5.29 reveals that 36 per cent of the female policyholders have satisfied towards services of LIC of India at moderate level, 33.6 per cent of the male policyholders have satisfied towards services of LIC of India at moderate level, 11.3 per cent of the female policyholders have satisfied towards services of LIC of India at low level, 7.6 per cent of the male policyholders have satisfied towards services of LIC of India at high level and 4.5 per cent of the female policyholders have satisfied towards services of LIC of India at high level in the study area.

In order to study the significant relationship between the gender group of the policyholders and their level of satisfaction towards services of LIC of India, the chi-square test is attempted with the null hypothesis that, "There is no significant relationship between the gender and level of satisfaction towards services of LIC of India among policyholders in Tirunelveli district. The result of chi-square test is presented in the table.

Table 5.30

Gender and level of satisfaction towards services of LIC of India-

Chi-Square Test

Gender	Mean	Standard deviation	Calculated Chi-square Value	Degrees of freedom	Table Value	Level of Significance
Total	24.09	5.77	9.84	2	5.99	Significant
Male	24.82	5.81				
Female	23.41	5.68				

It is clear from the table that there is a significant difference in the level of satisfaction towards services of LIC of India among different gender group of policyholders. It reveals that gender influence the level of satisfaction towards services of LIC of India among policyholders. It indicates that the calculated value of the Chi-Square for level of satisfaction towards services of LIC of India is higher than the table value (9.84) at the 5 per cent level, the null hypothesis is rejected. Hence it is concluded that significant difference exists in the level of satisfaction among different gender group of policyholders. It exhibits that gender influence the level of satisfaction towards services of LIC of India among policyholders in Tirunelveli district.

5.6.3 Level of satisfaction towards services of LIC of India among different marital status of policyholders

The level of satisfaction towards services of LIC of India differs among different marital status of the policyholders. The married policyholders may be satisfied with the services of LIC of India at high level while the unmarried policyholders may be satisfied with the services of LIC of India at low level. In order to find out the level of satisfaction towards services of LIC of India among different marital status of the policyholders, the data have been collected. The following table shows the level of satisfaction towards services of LIC of India among different marital status of policyholders in Tirunelveli district.

Table 5.31**Level of satisfaction towards services of LIC of India among different marital status of policyholders**

Marital Status	Level of Satisfaction			Total
	Low	Moderate	High	
Single	75(13.6)	244(44.4)	36(6.5)	355(64.5)
Married	25(4.5)	139(25.3)	31(5.6)	195(35.5)
Total	100(18.2)	383(69.6)	67(12.2)	550(100)

Source: Primary data

The table reveals that 244 unmarried policyholders (44.4 per cent) have satisfied towards services of LIC of India at moderate level, 139 married policyholders (25.3 per cent) have satisfied towards services of LIC of India at moderate level, 75 unmarried policyholders (13.6 per cent) have satisfied towards services of LIC of India at low level, 36 unmarried policyholders (6.5 per cent) have satisfied towards services of LIC of India at high level and 31 married policyholders have satisfied towards services of LIC of India at high level in the study area.

In order to find out the significant relationship between the marital status of the policyholders and their level of satisfaction towards services of LIC of India, the chi-square test is attempted with the null hypothesis that, “There is no significant relationship between the marital status and level of satisfaction towards services of LIC of India among policyholders in Tirunelveli district. The result of chi-square test is presented in the table.

Table 5.32

Marital status and level of satisfaction towards services of LIC of India-

Chi-Square Test

Marital Status	Mean	Standard deviation	Calculated Chi-square Value	Degrees of freedom	Table Value	Level of Significance
Total	24.09	5.77	8.31	2	5.99	Significant
Single	23.85	5.71				
married	24.53	5.88				

It is clear from the table that there is a significant difference in the level of satisfaction towards services of LIC among different marital status of policyholders. It indicates that marital status influence the level of satisfaction towards services of LIC. It is also observed that the calculated value of the Chi-Square for level of satisfaction towards services of LIC is less than the table value (8.31) at the 5 per cent level, the null hypothesis is rejected. Hence it is concluded that significant difference exists in the level of satisfaction towards services of LIC among different marital status of policyholders.

5.6.4 Level of satisfaction towards services of LIC of India among different educational qualification of policyholders

The level of satisfaction towards services of LIC of India differs among different educational qualification of the policyholders. The high educated policyholders may be satisfied with the services of LIC of India at high level whereas the low educated policyholders may be satisfied with the services of LIC of India at low level. In order to find out the level of satisfaction towards services of LIC of India among different educational qualification of the policyholders, the data have been collected and presented in the table.

Table 5.33
Level of satisfaction towards services of LIC of India among different educational qualification of policyholders

Educational Qualification	Level of Satisfaction			Total
	Low	Moderate	High	
No formal education	-	23(4.2)	8(1.5)	31(5.6)
School level	18(3.3)	112(20.4)	19(3.5)	149(27.1)
College level	47(8.5)	161(29.3)	22(4)	230(41.8)
Professional	35(6.4)	87(15.8)	18(3.3)	140(25.5)
Total	100(18.2)	383(69.6)	67(12.2)	550(100)

Source: Primary data

The table reveals that 161 policyholders (29.3 per cent) having the college level qualification satisfied towards services of LIC of India are at moderate level, 112 policyholders(20.4 per cent) having school level qualification have satisfied towards services of LIC of India are at moderate level, 87 policyholders (15.8 per

cent) having professional degree qualification satisfied towards services of LIC of India are at moderate level, 47 policyholders (8.5 per cent) having college level qualification have satisfied are at low level, 35 policyholders (6.4 per cent) having professional qualification have satisfied are at low level, 22 policyholders (4 per cent) having college level qualification have satisfied are at high level and 19 policyholders (3.5 per cent) having school level qualification satisfied towards services of LIC of India are at high level.

In order to study the significant relationship between the educational qualification of the policyholders and their level of satisfaction towards services of LIC, the chi-square test is attempted with the null hypothesis that, “There is no significant relationship between the educational qualification and level of satisfaction towards services of LIC among policyholders in Tirunelveli district. The result of chi-square test is presented in the table.

Table 5.34**Educational qualification and level of satisfaction towards services of LIC of
India- Chi-Square Test**

Educational Qualification	Mean	Standard deviation	Calculated Chi-square Value	Degrees of freedom	Table Value	Level of Significance
Total	24.09	5.77	20.65	6	12.6	Significant
No formal education	26.23	4.59				
School level	25.60	5.57				
College level	23.63	5.87				
Professional	22.76	5.64				

It could be seen from the table that there is a significant difference in the level of satisfaction towards services of LIC among different educational qualification of policyholders. It reveals that educational qualification influences the level of satisfaction towards services of LIC. It is also seen from table that the calculated value of the Chi-Square for level of satisfaction towards services of LIC is higher than the table value (20.65) at the 5 per cent level, the null hypothesis is rejected. Hence it is inferred that significant difference exists in the level of satisfaction towards services of LIC among different educational qualification of policyholders. It shows that educational qualification influences the level of satisfaction towards services of LIC among policyholders in Tirunelveli district.

5.6.5 Level of satisfaction towards services of LIC of India among different occupation of policyholders

The level of satisfaction towards services of LIC of India differs among different occupation of the policyholders. The policyholders of agriculturists may be satisfied with the services of LIC of India at high level while the policyholders of businessmen may be satisfied with the services of LIC of India at low level. The following table shows the level of satisfaction towards services of LIC of India among different occupation of policyholders in Tirunelveli district.

Table 5.35
Level of satisfaction towards services of LIC of India among different occupation of policyholders

Occupation	Level of Satisfaction			Total
	Low	Moderate	High	
Private employee	29(5.3)	126(22.9)	16(2.9)	171(31.1)
Government employee	13(2.4)	28(5.1)	7(1.3)	48(8.7)
Businessman	14(2.5)	84(15.2)	5(0.9)	103(18.7)
Professional	30(5.5)	70(12.7)	11(2)	111(20.2)
Agriculturist	5(0.9)	29(5.3)	17(3.1)	51(9.3)
Housewife	9(1.6)	40(7.3)	6(1.1)	55(10)
Retired employee	-	6(1.1)	5(0.9)	11(2)
Total	100(18.2)	383(69.6)	67(12.2)	550(100)

Source: Primary data

Table 5.35 shows that out of 550 policyholders, 126 policyholders (22.9 per cent) are private employee satisfied towards services of LIC of India at moderate level, 84 policyholders (15.2 per cent) are businessmen satisfied at moderate level, 70 policyholders (12.7 per cent) are professional satisfied at moderate level, 40 policyholders (7.3 per cent) are housewife satisfied at moderate level. It is evident from the table that majority of the policyholders are private employee satisfied at moderate level in the study area.

In order to study the significant relationship between the occupation of the policyholders and their level of satisfaction towards services of LIC, the chi-square test is attempted with the null hypothesis that, “There is no significant relationship between the occupation and level of satisfaction towards services of LIC among policyholders in Tirunelveli district. The result of chi-square test is presented in the table.

Table 5.36

Occupation and level of satisfaction towards services of LIC of India- Chi-Square Test

Occupation	Mean	Standard deviation	Calculated Chi-square Value	Degrees of freedom	Table Value	Level of Significance
Total	24.09	5.77	59.55	12	21.0	Significant
Private employee	23.94	5.30				
Government employee	23.58	6.91				
Businessman	24.17	5.36				
Professional	23.10	5.98				
Agriculturist	26.67	6.24				
Housewife	23.73	5.24				
Retired employee	27.30	5.25				

It could be inferred from the table that there is a significant difference in the level of satisfaction towards services of LIC among different occupation of policyholders. It indicates that occupation influences the level of satisfaction towards services of LIC of India. It is clear from the table that the calculated value of the Chi-Square for level of satisfaction towards services of LIC is higher than the table value (59.55) at the 5 per cent level, the null hypothesis is rejected. Hence it is inferred that a significant difference exists in the level of satisfaction towards services of LIC among different occupation of policyholders. It reveals that occupation influence the level of satisfaction towards services of LIC among policyholders in Tirunelveli district.

5.6.6 Level of satisfaction towards services of LIC of India among different type of family of policyholders

The level of satisfaction towards services of LIC of India differs among different type of family of the policyholders. The nuclear family policyholders may be satisfied with the services of LIC of India at high level while the joint family policyholders may be satisfied with the services of LIC of India at low level. In order to find out the level of satisfaction towards services of LIC of India among different type of family of the policyholders, the data have been collected and presented in the table ensuring pages:

Table 5.37

Level of satisfaction towards services of LIC of India among different type of family of policyholders

Type of Family	Level of Satisfaction			Total
	Low	Moderate	High	
Nuclear family	64(11.6)	253(46)	40(7.3)	357(64.9)
Joint family	36(6.5)	130(23.7)	27(4.9)	193(35.1)
Total	100(18.2)	383(69.6)	67(12.2)	550(100)

Source: Primary data

Table 5.37 reveals that 46 per cent of the policyholders belong to nuclear family have moderate level of satisfaction, 23.7 per cent of the policyholders belong to joint family have moderate level of satisfaction, 11.6 per cent of the policyholders belong to nuclear family satisfied at low level and 7.3 per cent of the policyholders belong to nuclear family satisfied at high level. It is evident from the table that majority of the policyholders belong to nuclear family satisfied at moderate level is high in the study area.

In order to find out the significant relationship between the type of family of the policyholders and their level of satisfaction towards services of LIC of India, the chi-square test is attempted with the null hypothesis that, “There is no significant relationship between the type of family and level of satisfaction towards services of LIC of India among policyholders in Tirunelveli district. The result of chi-square test is presented in the table.

Table 5.38**Type of family and level of satisfaction towards services of LIC of India- Chi-Square Test**

Type of Family	Mean	Standard deviation	Calculated Chi-square Value	Degrees of freedom	Table Value	Level of Significance
Total	24.09	5.77	4.34	2	5.99	Not significant
Nuclear family	24.00	5.64				
Joint family	24.26	6.03				

It could be inferred from table that there is no significant difference in the level of satisfaction towards services of LIC among different type of family of policyholders. It shows that type of family does not influence the level of satisfaction towards services of LIC. It is clear from the table that the calculated value of the Chi-Square for level of satisfaction towards services of LIC is less than the table value (4.34) at the 5 per cent level, the null hypothesis is accepted. Hence it is inferred that no significant difference exists in the level of satisfaction towards services of LIC among different type of family of policyholders. It exhibits that type of family does not influence the level of satisfaction towards services of LIC among policyholders in Tirunelveli district.

5.6.7 Level of satisfaction towards services of LIC of India among different location of policyholders

The level of satisfaction towards services of LIC of India differs among different location of the policyholders. The urban policyholders satisfied services of LIC of India at high level and the rural policyholders satisfied services of LIC of India at low level. The following table shows the level of satisfaction towards services of LIC of India among different location of policyholders in Tirunelveli district.

Table 5.39

Level of satisfaction towards services of LIC of India among different area of residing policyholders

Location	Level of Satisfaction			Total
	Low	Moderate	High	
Urban	44(8)	161(29.3)	30(5.5)	235(42.7)
Rural	56(10.2)	222(40.4)	37(6.7)	315(57.3)
Total	100(18.2)	383(69.6)	67(12.2)	550(100)

Source: Primary data

Table 5.39 reveals that 40.4 per cent of the policyholders residing in rural area have moderate level of satisfaction towards services of LIC of India, 29.3 per cent of the policyholders residing in urban area satisfied towards services of LIC of India at moderate level, 10.2 per cent of the policyholders residing in rural area have low level of satisfaction towards services of LIC of India and 8 per cent of the policyholders reside in urban area satisfied towards services of LIC of India at low level. It is clear from table that majority of the policyholders residing in rural area have moderate level of satisfaction towards services of LIC of India is high in the study area.

In order to study the relationship between the level of satisfaction towards services of LIC of India and location, 'Chi-Square' test is attempted with the null hypothesis as, "there is no significant relationship between the level of satisfaction towards services of LIC of India among different location of policyholders in Tirunelveli district". The result of 'Chi-Square' test is presented in table.

Table 5.40

Area of residing and level of Satisfaction towards services of LIC of India-

Chi-Square Test

Location	Mean	Standard deviation	Calculated Chi-square Value	Degrees of freedom	Table Value	Level of Significance
Total	24.09	5.77	0.25	2	5.99	Not significant
Rural	23.71	5.74				
Urban	24.37	5.79				

It is evident from the table that there is no significant difference in the level of satisfaction towards services of LIC of India among different location of policyholders. It exhibits that location does not influence the level of satisfaction towards services of LIC of India. It is also observed from the table that the calculated value of the Chi-Square for level of satisfaction is less than the table value (0.25) at the 5 per cent level, the null hypothesis is accepted. Hence it is inferred that no significant difference exists in the level of satisfaction towards services of LIC of India among different location of policyholders. It reveals that location does not influence the level of satisfaction towards services of LIC of India among policyholders in Tirunelveli district.

5.6.8 Level of satisfaction towards services of LIC of India among different nature of residence of policyholders

The level of satisfaction towards services of LIC of India differs among different nature of residence of the policyholders. The policyholders reside in owned house may be satisfied with the services of LIC of India at high level whereas the policyholders reside in rented house may be satisfied with the services of LIC of India at low level. The following table shows the level of satisfaction towards services of LIC of India among different nature of residence of the policyholders in Tirunelveli district.

Table 5.41

Level of satisfaction towards services of LIC of India among different nature of residence of policyholders

Nature of Residence	Level of Satisfaction			Total
	Low	Moderate	High	
Owned	81(14.7)	256(46.5)	43(7.8)	380(69.1)
Leased	16(2.9)	61(11.1)	8(1.5)	85(15.5)
Rented	3(0.5)	66(12)	16(2.9)	85(15.5)
Total	100(18.2)	383(69.6)	67(12.2)	550(100)

Source: Primary data

The table reveals that 46.5 per cent of the policyholders reside in owned house have moderate level of satisfaction towards services of LIC of India, 14.7 per cent of the policyholders reside in owned house satisfied towards services of LIC of India at low level, 12 per cent of the policyholders reside in rented house have moderate level of satisfaction towards services of LIC of India and 11.1 per cent of the policyholders reside in leased house satisfied towards services of LIC of India at moderate level. It is evident from table that majority of the policyholders reside in owned house satisfied towards services of LIC of India at moderate level is high in the study area.

Table 5.42

Nature of residence and level of satisfaction towards services of LIC of India-

Chi-Square Test

Nature of Residence	Mean	Standard deviation	Calculated Chi-square Value	Degrees of freedom	Table Value	Level of Significance
Total	24.09	5.77	11.73	4	9.49	Significant
Owned	23.57	5.74				
Leased	24.31	6.33				
Rented	26.19	4.84				

Table 5.42 exhibits that there is a significant difference in the level of satisfaction towards services of LIC of India among different nature of residence of self help group members. It shows that nature of residence influences the level of satisfaction towards services of LIC of India among policyholders. Table clearly shows that the calculated value of the Chi-Square for level of satisfaction towards services of LIC of India is higher than the table value (11.73) at the 5 per cent level, the null hypothesis is rejected. Hence it is concluded that there is a significant difference exists in the level of satisfaction towards services of LIC of India among different nature of residence of policyholders.

5.6.9 Level of satisfaction towards services of LIC of India among different monthly family income of policyholders

The level of satisfaction towards services of LIC of India differs among different monthly family income of the policyholders. The high monthly family policyholders may be satisfied with the services of LIC of India at high level and the low monthly family income policyholders may be satisfied with the services of LIC of India at low level. In order to find out the level of satisfaction towards services of LIC of India among different monthly family income of the policyholders, the data have been collected and presented in the table.

Table 5.43

Level of satisfaction towards services of LIC of India among different monthly family income of policyholders

Monthly Family Income	Level of Satisfaction			Total
	Low	Moderate	High	
Below Rs.10000	52(9.5)	177(32.2)	29(5.3)	258(46.9)
Rs.10000 to 20000	20(3.6)	117(21.3)	19(3.5)	156(28.4)
Rs.20000 to 30000	16(2.9)	45(8.2)	10(1.9)	71(12.9)
Rs.30000 to 40000	5(0.9)	24(4.4)	4(0.7)	33(6)
Above Rs.40000	7(1.3)	20(3.6)	5(0.9)	32(5.8)
Total	100(18.2)	383(69.6)	67(12.2)	550(100)

Source: Primary data

Table exhibits that out of 550 policyholders, 177 policyholders (32.2 per cent) earning monthly family income of below Rs. 10000 have satisfied towards services of LIC of India are at moderate level, 117 policyholders (21.3 per cent) earning Rs. 10000 to 20000 satisfied towards services of LIC of India are at moderate level, 52 policyholders (9.5 per cent) earning below Rs. 10000 satisfied are at low level, 45 policyholders (8.2 per cent) earning Rs. 20000 to 30000 satisfied are at moderate level and 29 policyholders (5.3 per cent) earning below Rs. 10000 satisfied towards LIC of India are at high level.

In order to find out the significant relationship between the monthly family income of the policyholders and their level of satisfaction towards services of LIC, the chi-square test is attempted with the null hypothesis that, “There is no significant relationship between the monthly family income and level of satisfaction towards services of LIC among policyholders in Tirunelveli.. The result of chi-square test is presented in the table.

Table 5.44

Monthly family income and level of satisfaction towards services of LIC of India-

Chi-Square Test

Family Income	Mean	Standard deviation	Calculated Chi-square Value	Degrees of freedom	Table Value	Level of Significance
Total	24.09	5.77	21.58	8	15.5	Significant
Below Rs.10000	23.79	5.80				
Rs.10000 to 20000	24.97	5.31				
Rs.20000 to 30000	23.87	6.41				
Rs.30000 to 40000	23.76	4.76				
Above Rs.40000	22.87	6.99				

It is seen from the table that there is a significant difference in the level of satisfaction towards services of LIC among different monthly family income of policyholders. It indicates that monthly family income influences the level of satisfaction towards services of LIC. It is also observed that the calculated value of the Chi-Square for level of satisfaction towards services of LIC is higher than the table value (21.58) at the 5 per cent level, the null hypothesis is rejected. Hence it is concluded that significant difference exists in the level of satisfaction towards services of LIC among different monthly family income of policyholders. It means that monthly family income influence the level of satisfaction towards services of LIC among policyholders in Tirunelveli district.

5.6.10 Level of satisfaction towards services of LIC of India among different monthly savings of policyholders

The level of satisfaction towards services of LIC of India differs among different monthly savings of the policyholders. The high monthly savings policyholders may be satisfied with the services of LIC of India at high level whereas the low monthly savings policyholders may be satisfied with the services of LIC of India at low level. In order to find out the level of satisfaction towards services of LIC of India among different monthly savings of the policyholders, the data have been collected and presented in the table.

Table 5.45**Level of satisfaction towards services of LIC of India among different monthly savings of policyholders**

Monthly savings	Level of Satisfaction			Total
	Low	Moderate	High	
Up to Rs.3000	54(9.8)	219(39.8)	42(7.6)	315(57.3)
Rs.3000 to 8000	32(3.8)	116(21.1)	14(2.5)	162(29.5)
Rs.8000 to 13000	8(1.5)	31(5.6)	11(2)	50(9.1)
Rs.13000 to 18000	3(0.5)	8(5.6)	-	11(2)
Above Rs.18000	3(0.5)	9(1.6)	-	12(2.2)
Total	100(18.2)	383(69.6)	67(12.2)	550(100)

Source: Primary data

The table reveals that 39.8 per cent of the policyholders saving up to Rs.3000 have moderate level of satisfaction towards services of LIC of India, 21.1 per cent of the policyholders saving of Rs.3000 to 8000 satisfied are at moderate level, 9.8 per cent of the policyholders saving up to Rs.3000 have low level of satisfaction towards services of LIC of India and 7.6 per cent of the policyholders satisfied towards services of LIC of India are at high level. It is evident from table that majority of the policyholders saving up to Rs.3000 have moderate level of satisfaction towards services of LIC of Indi.

Table 5.46**Monthly savings and level of satisfaction towards services of LIC of India-****Chi-Square Test**

Monthly Savings	Mean	Standard deviation	Calculated Chi-square Value	Degrees of freedom	Table Value	Level of Significance
Total	24.09	5.77	7.84	8	15.5	Not significant
Up to Rs.3000	24.50	6.09				
Rs.3000 to 8000	23.50	5.00				
Rs.8000 to 13000	25.10	5.98				
Rs.13000 to 18000	20.73	5.16				
Above Rs.18000	20.17	3.43				

It is clear from the table that there is no significant difference in the level of satisfaction towards services of LIC of India among different monthly savings of policyholders. It shows that monthly savings does not influence the level of satisfaction towards services of LIC of India. Table exhibits that the calculated value of the Chi-Square for level of satisfaction towards services of LIC is less than the table value (7.84) at the 5 per cent level, the null hypothesis is accepted. Hence it is concluded that no significant difference exists in the level of satisfaction towards services of LIC among different monthly savings of policyholders. It reveals that monthly savings does not influence the level of satisfaction towards services of LIC among policyholders in Tirunelveli district.

5.6.11 Level of satisfaction towards services of LIC of India among different mode of payment of policyholders

The level of satisfaction towards services of LIC of India differs among different mode of payment of the policyholders. The policyholders of monthly mode of payment may be satisfied with the services of LIC of India at high level while the policyholders of yearly mode of payment may be satisfied with the services of LIC of India at low level. In order to find out the level of satisfaction towards services of LIC of India among different mode of payment of the policyholders, the data have been collected and presented in the table.

Table 5.47

Level of satisfaction towards services of LIC of India among different mode of payment of policyholders

Mode of Payment	Level of Satisfaction			Total
	Low	Moderate	High	
Monthly	52(9.5)	208(37.8)	31(5.6)	291(52.9)
Quarterly	30(5.5)	92(16.7)	16(2.9)	138(25.1)
Half yearly	16(2.9)	56(10.2)	9(1.6)	81(14.7)
yearly	2(0.4)	27(4.9)	11(2)	40(7.3)
Total	100(18.2)	383(69.6)	67(12.2)	550(100)

Source: Primary data

The table reveals that 37.8 per cent of the policyholders paying monthly mode have moderate level of satisfaction, 16.7 per cent of the policyholders paying quarterly mode have moderate level of satisfaction and 10.2 per cent of the policyholders are paying half yearly mode satisfied are at moderate level. It is evident from table that majority of the policyholders paying monthly mode satisfied towards services of LIC of India are at moderate level in the study area.

Table 5.48

Mode of payment and level of satisfaction towards services of LIC of India- Chi-Square Test

Mode of Payment	Mean	Standard deviation	Calculated Chi-square Value	Degrees of freedom	Table Value	Level of Significance
Total	24.09	5.77	24.83	6	12.6	Significant
Monthly	24.09	5.73				
Quarterly	23.28	6.08				
Half yearly	23.96	5.34				
Yearly	27.20	4.93				

It is clear from the table that there is a significant difference in the level of satisfaction towards services of LIC of India among different mode of payment of policyholders. It reveals that mode of payment influence the level of satisfaction towards services of LIC of India. It also shows that the calculated value of the Chi-Square for level of satisfaction towards services of LIC of India is higher than the table value (24.83) at the 5 per cent level, the null hypothesis is rejected. Hence it is inferred from table that significant difference exists in the level of satisfaction towards services of LIC of India among different mode of payment of policyholders. It exhibits that mode of payment influence the level of satisfaction towards services of LIC of India among policyholders in Tirunelveli district.

CHAPTER - VI

FINDINGS, SUGGESTION AND CONCLUSION OF THE STUDY

6.1 INTRODUCTION

6.2 GENERAL FINDINGS

6.3 SPECIFIC FINDINGS

6.4 SUGGESTIONS

6.5 SCOPE OF FURTHER STUDY

6.6 CONCLUSION

CHAPTER - VI

FINDINGS, SUGGESTIONS AND CONCLUSION OF THE STUDY

6.1 INTRODUCTION

This chapter presents the summary of findings, suggestions and conclusion. This study is conducted with the main objective of finding out the perceptions and preferences of policyholders towards insurance products offered by LIC of India in Tirunelveli District. The factors influencing the policyholders to select the LIC products and the problems faced by them after having purchased the insurance products were found out. This study began with an explanation on the concept of insurance and a brief history of Life Insurance Corporation of India. The approach to the study is both descriptive and analytical. The findings of the study are briefly presented in this part. Purely primary data have been collected through the well structured interview schedule. To prepare the interview schedule, a preliminary survey has been conducted by the researcher. To make it easy to understand, the necessary secondary data have also been collected and included wherever they are needed. Further, suitable suggestions and conclusion are presented in this chapter.

6.2 GENERAL FINDINGS

- 6.2.1 About 54.5 per cent of the policyholders are in the age group of 20 to 30 years followed by 14.9 per cent of the policyholders are in the age group of below 30 years and 14.4 per cent of the policyholders are in the age group of 31 to 40 years.
- 6.2.2 Majority of the policyholders are single in the study area.
- 6.2.3 Majority of the policyholders are female in the study area.

- 6.2.4 It is identified that majority of the policyholders had studied up to college level.
- 6.2.5 Majority of the policyholders are private employees in Tirunelveli district.
- 6.2.6 It is found that majority of the policyholders belong to joint family.
- 6.2.7 Majority of the policyholders are (57.3 per cent) residing in rural area and the remaining (42.7 per cent) are residing in urban area.
- 6.2.8 It is identified that majority of the policyholders are residing in owned houses.
- 6.2.9 A maximum of 46.9 per cent of the total policyholders have a monthly family income of below Rs.10000 followed by 28.4 per cent of the policyholders with a monthly family income of Rs.10000 to 20000. It is found that majority of the policyholders have a monthly family income of below Rs.10000.
- 6.2.10 It is found that majority of the policyholders have savings up to Rs.3000 per month.
- 6.2.11 It is identified that 52.9 per cent of the policyholders are paying premium by monthly mode followed by 25.1 per cent of the policyholders are paying quarterly.
- 6.2.12 About 42 per cent of the policyholders are investing Rs.5000 to 10000 per annum while 26.7 per cent of the policyholders are investing up to Rs.5000 per annum.
- 6.2.13 It is identified that 77.8 per cent of the policyholders are not tax assesseees and the remaining 22.2 per cent of the policyholders are tax assesseees.

- 6.2.14 Almost 59.6 per cent of the policyholders have knowledge about the insurance products of LIC of India and the remaining 40.4 per cent of the policyholders do not have knowledge of insurance products of LIC of India.
- 6.2.15 It is found that 22.2 per cent of the policyholders are informed by LIC agents, 17.8% by friends, 17.1% by relatives, 16.5 per cent are informed by advertisements.
- 6.2.16 Around 14.9 per cent of the policyholders having the educational plan followed by 11.1 per cent of the policyholders having term life policy.
- 6.2.17 It is found that most of the policyholders are satisfied with LIC of India's policies in the study area.
- 6.2.18 Majority (50.2 per cent) of the policyholders are satisfied with LIC of India's policies, while 20.4 per cent of the policyholders are highly satisfied with LIC of India's policies.
- 6.2.19 It is identified that majority of the policyholders are investing in life insurance policies for below 5 years.
- 6.2.20 It is found that majority of the policyholders have no idea of buying more policies in life insurance company.
- 6.2.21 About 66 per cent of the policyholders have not allowed policies to lapse in LIC of India and the remaining 34 per cent of the policyholders have allowed policies to lapse in LIC of India for some reasons.
- 6.2.22 Around 8.5 per cent of the policyholders have allowed their policies to lapse due to high premium, 7.5 per cent of the policyholders due to their dissatisfaction with earlier claims.
- 6.2.23 It is found that 50.4 per cent of the policyholders pay the premium through agents, while 35.4 per cent of the policyholders pay the premium by

directly. It is identified that majority of the policyholders pay the premium through agents in the study area.

- 6.2.24 It is found that 66.2 per cent of the policyholders have relationship with the insurance advisers and agents and the remaining 33.8 per cent of the policyholders have no relationship with insurance adviser and agents.
- 6.2.25 About 69.3 per cent of the policyholders could get all the required information in time and the remaining 30.7 per cent of the policyholders could not get all the required information in time.
- 6.2.26 Around 208 policyholders (37.8 per cent) could get all the required information from LIC agents, while 77 policyholders (14 per cent) from toll free and 10.7 per cent could get all the required information from internet.
- 6.2.27 About 57.8 per cent of the policyholders are not facing any problems in availing services from LIC of India.
- 6.2.28 It is found that 64.5 per cent of the policyholders are of the opinion that the approach of life insurance agents is good and 26 per cent of the policyholders opined that approach of life insurance agents is excellent.
- 6.2.29 About 68.7 per cent of the policyholders have the idea of recommending the LIC of India's products to others and the remaining 31.3 per cent of the policyholders have no idea of recommending the LIC of India's products to others.
- 6.2.30 It is found that 43.1 per cent of the policyholders would definitely recommend the LIC of India's products to others and 21.4 per cent of the policyholders would more definitely recommend the LIC of India's products to others.

6.2.31 It is found that the sample policyholders gave first rank to the reason ‘for children’s higher education’ for buying insurance policies from LIC of India.

6.2.32 It is found that the sample policyholders gave first rank to the factor ‘relatives’ as the most important factor influenced them to insure their lives in LIC of India.

6.2.33 It is found that the sample policyholders gave first rank to the problem ‘lack of customer services’ as the foremost problem faced by the policyholders in Tirunelveli district.

6.3 SPECIFIC FINDINGS

Perception towards LIC of India among different socio economic conditions of LIC policyholders-ANOVA

Perception of policyholders towards LIC of India has relationship with many socio-economic variables. In order to find out the relationship between policyholders’ perception towards LIC of India and socio economic conditions of policyholders, ANOVA test is attempted. The findings of ANOVA test result are presented below:

6.3.1 Age is a significant variable in influencing the perception towards LIC of India among policyholders.

6.3.2 Gender is not a significant variable in influencing perception towards LIC of India among policyholders.

6.3.3 It is identified that marital status is not a significant variable in influencing perception towards LIC of India among policyholders.

6.3.4 Educational qualification is a significant variable in influencing the perception towards LIC of India among policyholders.

- 6.3.5 Occupation is not a significant variable in influencing the perception towards LIC of India among policyholders.
- 6.3.6 Type of family is not a significant variable in influencing the perception towards LIC of India among policyholders.
- 6.3.7 It is found that area of residence is not a significant variable in influencing the perception towards LIC of India among policyholders.
- 6.3.8 Nature of residence is a significant variable in influencing the perception towards LIC of India among policyholders.
- 6.3.9 It is evident that monthly family income is not a significant variable in influencing the perception towards LIC of India among policyholders in Tirunelveli district.
- 6.3.10 It is identified that monthly savings is a significant variable in influencing the perception towards LIC of India among policyholders.
- 6.3.11 It is found that mode of payment is a significant variable in influencing the perception towards LIC of India among policyholders.

Level of Preference towards insurance products of LIC of India among Policyholders in Tirunelveli District

- 6.3.12 Around 358 policyholders have moderate level of preference towards insurance products of LIC, 128 policyholders preferred insurance products of LIC at low level.
- 6.3.13 It is found that majority of the policyholders belonging to the age group of 20 to 30 have moderate level of preference.
- 6.3.14 It is identified that majority of the female policyholders preferred insurance products of LIC of India at moderate level in the study area.

- 6.3.15 It is found that 39.8 per cent of the policyholders are unmarried and they have moderate level of preference towards insurance products of LIC of India and 25.3 per cent of married policyholders have moderate level of preference towards insurance products of LIC of India.
- 6.3.16 It is identified that 27.6 per cent of the policyholders having the educational qualification of college level preferred insurance products of LIC of India at moderate level.
- 6.3.17 It is found that 21.3 per cent of the policyholders are private employees and they have moderate level of preference towards insurance products of LIC of India.
- 6.3.18 It is identified that majority of the policyholders belonging to joint family preferred insurance products of LIC of India at moderate level in the study area.
- 6.3.19 It is found that majority of the policyholders' area of residence is rural area and they preferred insurance products of LIC of India at moderate level.
- 6.3.20 About 43.5 per cent of the policyholders reside in owned house have moderate level of preference and 18.5 per cent of the policyholders reside in owned house preferred insurance products of LIC of India at low level.
- 6.3.21 Around 29.5 per cent of the policyholders who are in the monthly family income of below Rs.10000 have moderate level of preference towards insurance products of LIC of India.
- 6.3.22 It is identified that 37.3 per cent of the policyholders who are saving up to Rs.3000 per month have moderate level of preference towards insurance products of LIC of India.

6.3.23 It is found that 32.5 per cent of the policyholders paying premium by monthly mode have moderate level of preference towards insurance products of LIC of India.

Preference towards Insurance products of LIC of India among different socio economic conditions of LIC policyholders-ANOVA

The findings of ANOVA for preference towards insurance products of LIC of India and socio-economic conditions of policyholders are summarized below:

6.3.24 Age is a significant variable in influencing preference towards insurance products of LIC of India among policyholders.

6.3.25 Gender wise, there is a significant difference in preference towards insurance products of LIC of India among policyholders. It is found that gender is a significant variable in influencing preference towards insurance products of LIC of India among policyholders.

6.3.26 Marital status is not a significant variable in influencing preference towards insurance products of LIC of India among policyholders.

6.3.27 Educational qualification is a significant variable in influencing preference towards insurance products of LIC of India among policyholders.

6.3.28 It is identified that there is no significant difference in preference towards insurance products of LIC of India among different occupational status of policyholders.

6.3.29 Type of family is a significant variable in influencing preference towards insurance products of LIC of India among policyholders.

- 6.3.30 It is found that area of residence is not a significant variable in influencing preference towards insurance products of LIC of India among policyholders.
- 6.3.31 Nature of residence is a significant variable in influencing preference towards insurance products of LIC of India among policyholders.
- 6.3.32 It is found that monthly family income is not a significant variable in influencing the preference towards insurance products of LIC of India among policyholders.
- 6.3.33 It is identified that monthly savings is a significant variable in influencing the preference towards insurance products of LIC of India among policyholders in Tirunelveli district.
- 6.3.34 Mode of payment of premium is a significant variable in influencing the preference towards insurance products of LIC of India among policyholders.

Level of Satisfaction towards services of LIC of India among Policyholders in Tirunelveli District

- 6.3.35 It is identified that out of 550 policyholders, 383 policyholders have moderate level of satisfaction towards services of LIC of India, 100 policyholders are satisfied with the services of LIC of India at low level and 67 policyholders are satisfied with the services of LIC of India at high level. It is found that majority of the policyholders have moderate level of satisfaction towards services of LIC of India.
- 6.3.36 It is found that majority of the policyholders in the age group of 20 to 30 have high level of satisfaction towards services of LIC of India.

- 6.3.37 About 36 per cent of the female policyholders are satisfied with the services of LIC of India at moderate level and 33.6 per cent of the male policyholders are satisfied with the services of LIC of India at moderate level
- 6.3.38 Around 244 unmarried policyholders (44.4 per cent) are satisfied with the services of LIC of India at moderate level and 139 married policyholders (25.3 per cent) are satisfied with the services of LIC of India at moderate level.
- 6.3.39 It is found that 161 policyholders (29.3 per cent) having the college level qualification are satisfied with the services of LIC of India at moderate level.
- 6.3.40 It is identified that majority of the policyholders of private employees are satisfied with the services of LIC of India at moderate level in the study area.
- 6.3.41 Majority of the policyholders belonging to nuclear family are satisfied with the services of LIC of India at moderate level.
- 6.3.42 It is found that majority of the policyholders reside in rural area have moderate level of satisfaction towards services of LIC of India in the study area.
- 6.3.43 It is found that majority of the policyholders reside in owned house are satisfied with the services of LIC of India at moderate level.
- 6.3.44 About 177 policyholders (32.2 per cent) earning monthly family income of below Rs. 10000 are satisfied with the services of LIC of India at moderate level.

6.3.45 It is identified that majority of the policyholders who are saving up to Rs.3000 per month have moderate level of satisfaction towards services of LIC of India.

6.3.46 It is found that majority of the policyholders paying premium by monthly mode are satisfied with the services of LIC of India at moderate level in the study area.

Level of Satisfaction towards services of LIC of India among different socio economic conditions of Policyholders

6.3.47 Age influences the level of satisfaction towards services of LIC of India among policyholders.

6.3.48 It is identified that gender influences the level of satisfaction towards services of LIC of India among policyholders.

6.3.49 It is found that there is a significant difference exists in the level of satisfaction towards services of LIC among different marital status of policyholders.

6.3.50 It is identified that educational qualification influences the level of satisfaction towards services of LIC among policyholders.

6.3.51 It is found that occupation influences the level of satisfaction towards services of LIC among policyholders.

6.3.52 It is identified that there is no significant difference exists in the level of satisfaction towards services of LIC of India among different type of family of policyholders.

- 6.3.53 It is found that area of residence does not influence the level of satisfaction towards services of LIC of India among policyholders in Tirunelveli district.
- 6.3.54 It is identified that there is a significant difference exists in the level of satisfaction towards services of LIC of India among different nature of residence of policyholders.
- 6.3.55 It is found that monthly family income influences the level of satisfaction towards services of LIC among policyholders.
- 6.3.56 It is identified that monthly savings does not influence the level of satisfaction towards services of LIC among policyholders.
- 6.3.57 It is found that mode of payment of premium influences the level of satisfaction towards services of LIC of India among policyholders.

6.4 SUGGESTIONS

Based on the above findings, following suggestions are made for incorporating in marketing strategies of LIC of India:

- 6.4.1 In the present competitive world, customer satisfaction has become an important aspect to retain the customers, not only to grow but also to survive. Customer service is the critical success factor and private insurers through their best services would be able to reposition and differentiate themselves from LIC. In this regard, LIC of India should pay adequate attention on customer retention strategies.
- 6.4.2 LIC of India should emphasis more on advertising and building brand awareness through different modes of communication. This will help in spreading insurance awareness among the public.
- 6.4.3 To achieve greater insurance penetration, the healthier competition has to be intensified and LIC of India should come up with new innovative products to offer greater variety or choice to the customers and also make improvement in the quality of services and sell products through appropriate distribution channel to create a win-win situation for both the parties.
- 6.4.4 LIC of India should devise policies which provide effective risk coverage rather than focusing on the tax benefits and also encourage policyholders for long term investment in insurance.
- 6.4.5 LIC of India should come up with innovative tailor-made products with high risk cover, more return and low insurance premium to attract more number of customers.

- 6.4.6 LIC of India should give more emphasis on promotional activities targeted at younger prospective customers to attract them towards its insurance products.
- 6.4.7 In the wake of intensified competition in life insurance sector, LIC of India has to keep evolving innovative promotion-mix, encompassing advertisements, sales promotional campaigns, and persuasion by agents to increase the level of awareness and to make the information search process for the consumers an easy one.
- 6.4.8 Image of company is considered to be one of the most important factors by customers of both LIC of India and private insurance companies while choosing an insurance company. So, LIC of India has to pay attention to improve its image by giving due attention to financial management, insurance products, company image and top management.
- 6.4.9 LIC of India ought to vigorously pursue lower income people for buying policy by making use of various promotional activities and developing insurance products which provide value for money.
- 6.4.10 LIC of India should take measures continuously to improve customer service. It can make operating hours long and resort to easy modes for payment of premium like e-payment, credit-card, etc. Further, LIC of India should make settlement of claim easier. All these can be facilitated by making use of latest technology in managing its operations.
- 6.4.11 LIC of India should create more awareness regarding multiple benefits of insurance products, which will help it to attract more customers and increase its business volume.

6.5 SCOPE OF FURTHER STUDY

The potential researchers may select anyone of the following topics to do their research in the years to come:

- 1) A Study on Perceptions and Preferences of Policyholders towards Insurance Products Offered by LIC of India in Tamil Nadu.
- 2) Customer satisfaction- A study with reference to Insurance Products Offered by LIC of India in Tamil Nadu.
- 3) A comparative study on preferences and satisfaction of policyholders of public and private sector insurance companies in Tamil Nadu.
- 4) Customer satisfaction- A study with special reference to Insurance Products Offered by LIC of India in Tirunelveli district.
- 5) A Study on marketing performance of Insurance Corporation in Tamil Nadu with special reference to LIC of India.

6.6 CONCLUSION

Life insurance is an important form of insurance and essential for every individual. Life insurance penetration in India is very low as compared to developed nations where almost all the lives are covered and the stage of saturation has been reached. Customers are the real pillars of the success of life insurance business and thus it is important for insurers to keep their policyholders satisfied and retained as long as possible and also get new business out of it by offering need based innovative products. There are many factors which affect customer's investment decision in life insurance and from the study it has been concluded that demographic factors of the customers play a major and pivotal role in deciding the purchase of life insurance policies.

In the present Indian market, the investment habits of Indian consumers are changing very frequently. The individuals have their own perception towards various types of investment plans. This research work focused over consumer's perception and preferences towards insurance products offered by LIC of India. The study also focused on the factors underlying consumer perceptions and preferences towards insurance products offered by LIC of India; and also on the differences in policyholders' perceptions and preferences among socio economic conditions of policyholders.

Insurance is basically a customer-focused concept selling business where a policy is being sold to the customer through appropriate channel of distribution. In the present day, agents and banks are the two wide and important sources of distribution to sell insurance products. With both LIC of India and private players in the fray, Indian life insurance market has undergone significant changes recently. The greatest challenges faced by organizations are the ever-growing competition and the continuous increase in customer expectation. In order to achieve competitive advantage and efficiency, organizations have to seek profitable ways to differentiate themselves. There are many different strategies to reach success, but the delivery of competent service quality is the vital one, especially in this competitive environment. In general, most of the life insurance providers are keen on selling their products only, not on understanding the customers' need. Moreover, they are also not much concerned about the post-sales services. Since a satisfied customer brings in more customers and carries out word of mouth publicity, life insurers in general and LIC of India in specific need to identify customers' perceptions and preferences and fulfill them along with selling insurance policies to keep their customers satisfied.

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APPENDIX-I

PERCEPTIONS AND PREFERENCES OF POLICYHOLDERS

TOWARDS INSURANCE PRODUCTS OFFERED BY

LIC OF INDIA IN TIRUNELVELI DISTRICT

INTERVIEW SCHEDULE

1. Name of the policy holder (Optional) :
2. Location of the policy holder and Taluk _____
 - a) Urban
 - b) Rural
3. Age:
 - a) Less than 20
 - b) 20 – 30
 - c) 31 – 40
 - d) 41 – 50
 - e) 51 – 60
 - f) Above 60
4. Sex:
 - a) Male
 - b) Female
5. Marital status:
 - a) Single
 - b) Married
6. Educational qualification:
 - a) No formal education
 - b) School Level
 - c) College Level
 - d) Professional
7. Occupational status:
 - a) Private employee
 - b) Government employee
 - c) Business man
 - d) Professional
 - e) Agriculturist
 - f) House wife
 - g) Retired employee

8. Type of Family:

a) Nuclear

b) Joint

9. Nature of Residence:

a) Own

b) Leased

c) Rented

10. Family Income per month: (in Rs)

a) Below 10,000

b) 10,000 – 20,000

c) 20,000 – 30,000

d) 30,000 – 40,000

e) Above 40,000

11. Savings Per month (in Rs.)

a) Up to 3,000

b) 3,000- 8,000

c) 8,000 – 13,000

d) 13,000 – 18,000

e) 18,000 and above

12. Mode of Payment:

a) Monthly

b) Quarterly

c) Half Yearly

d) Annually

13. Amount of Investment in life insurance policies per year.

a) Up to 5,000

b) 5,000- 10,000

c) 10,000 to 15,000

d) 15,000 – 20,000

e) 20,000 and above

14. Are you an Income Tax assessee:

a) Yes

b) No

15. Number of members in the family:

a) 2

b) 3 – 4

c) 5 – 6

d) Above 6

16. Do you have adequate knowledge of LIC of India products?

a) Yes b) No

17. How did you come to know LIC of India Products?

a) Through Friends b) Through Relatives

c) Through college/class mates d) Through Advertisements

e) Through the agent f) Through Consultants

g) Through Auditors h) Through Newspapers

i) Through News Channels j) Through Internet

18. Type of life insurance policies hold by you and the amount of subscription per year

S. No	Type of Policies	Amount Per year
1	Endowment Policy	
2	Whole Life Policy	
3	Money Back Policy	
4	Term Life Policy	
5	With Profit plan Policy	
6	Without Profit Plan Policy	
7	Pension Policy	
8	Unit Linked Insurance Policies (ULIP)	
9	Assurance for children	
10	Retirement Plan	
11	Joint Life Plan	
12	Investment Plan	
13	Health Plan	
14	Educational Plan	
15	Marriage Plan	

19. Are you satisfied with the LIC of India Policies?

a) Yes b) No

20. If yes, what is your level of satisfaction?

- | | | | |
|------------------------|--------------------------|-----------------|--------------------------|
| a) Highly Satisfied | <input type="checkbox"/> | b) Satisfied | <input type="checkbox"/> |
| c) Neutral | <input type="checkbox"/> | d) Dissatisfied | <input type="checkbox"/> |
| e) Highly Dissatisfied | <input type="checkbox"/> | | |

21. What are the reasons for buying insurance policies from Life Insurance Company of India?

[Rank as 1, 2, 3... In the order of importance]

- | | |
|--|--------------------------|
| a) For children's higher Educational | <input type="checkbox"/> |
| b) For Children's Marriage | <input type="checkbox"/> |
| c) For my own Savings | <input type="checkbox"/> |
| d) For Investments | <input type="checkbox"/> |
| e) For post Retirements benefits | <input type="checkbox"/> |
| f) For Secured investments | <input type="checkbox"/> |
| g) For getting income tax benefit / rebate | <input type="checkbox"/> |
| h) For buying a piece of land | <input type="checkbox"/> |
| i) For Savings my future generation | <input type="checkbox"/> |
| j) For safety alone | <input type="checkbox"/> |

22. Do you have any idea of buying one more policies in Life Insurance Company?

- | | | | |
|--------|--------------------------|-------|--------------------------|
| a) Yes | <input type="checkbox"/> | b) No | <input type="checkbox"/> |
|--------|--------------------------|-------|--------------------------|

23. Have you ever allowed any of your policies to lapse in LIC of India?

- | | | | |
|--------|--------------------------|-------|--------------------------|
| a) Yes | <input type="checkbox"/> | b) No | <input type="checkbox"/> |
|--------|--------------------------|-------|--------------------------|

24. If yes, what were the reasons?

- a) No risk arises
- b) Forgot to renew
- c) Cumber some procedure
- d) Not satisfied with earlier claims
- e) Non rendering of services by the agent
- f) High premium
- g) Unaware of the renewal procedure

25. Which factors influenced you prefer the life insurance of India policies?

S.NO	Particulars	SA	A	N	DA	SDA
1	Better Customer care					
2	Better Service provided by agent					
3	Prompt disbursement of maturity value					
4	Prompt claim settlement					
5	Company image					
6	Existing customer's positive feedback					
7	Reputation of the company					
8	Salient features of the policies					
9	Persistent persuasion by agents					
10	Simple Procedure					

SA- Strongly Agree, A-Agree, N- Neutral, DA- Disagree, SDA – Strongly Disagree

26. Which factors influenced your decision to insure your life in LIC of India?

[Rank as 1,2,3... in the order of importance]

- a) Self-Experience/ Exposure
- b) Advertisement
- c) Relatives
- d) Friends
- e) Sales Executives
- f) Agents
- g) Auditors
- h) Internet

27. How long you have been investing insurance products of LIC of India?

- a) Below 5 Years
- b) 5 –10 Years
- c) 10 – 15 Years
- d) above 20 years

28. How do you pay the Premium?

- a) Directly
- b) Through Agent
- c) On-line

29. Do you have the cordial relationship with the advisers/agents?

- a) Yes
- b) No

30. Can you get all the required information in time?

- a) Yes
- b) No

If 'yes' in what way? (Mention the sources)

- a) Toll free
- b) Sales agents
- c) Internet
- d) Development Officers

31. Do you face any problem in availing services from LIC of India?

- a) Yes
- b) No

32. If yes, what are the problems that you have faced? [Rank as 1,2,3... in the order]

- a) Lack of customer services
- b) Payment of maturity
- c) No Prompt claim settlement
- d) Lack of Agent Service
- e) Lack of E-Service
- f) Lack of Branch Premises

33. How do you feel about the approach of life insurance sales Agent?

- a) Excellent
- b) Good
- c) Poor

34. Would you recommend the LIC of India product to others?

- a) Yes
- b) No

35. If 'yes' how far?

- a) More definitely
- b) Definitely
- c) Not definitely

36. Perception of the life insurance policyholders regarding the role of agent in selling life insurance of India products.

S. No	Characteristics	SA	A	N	DA	SDA
1	The agent is a good communicator					
2	The agents has sufficient knowledge of all products					
3	The agent is a good presenter in explaining the features of the insurance products.					
4	The activity of the agent is transparent					
5	The agent's approach is consumer oriented					

SA-Strongly Agree, A-Agree, N-Neutral, DA-Disagree, SDA-Strongly Disagree

37. Perceptions of the policyholders towards the electronic services rendered by LIC
of India

[Put a Tick mark in the appropriate box]

S. No	Characteristics	SA	A	N	DA	SDA
1	Online activities help the policyholders to make the transaction outside the business hours.					
2	Electronic services help the policyholders to send the feedback and queries.					
3	After the introduction of the modern technology the life insurers send the premium notice through SMS					
4	Online payment service helps the policyholders to save time					
5	Electronic Service of LIC educates and creates the awareness to use modern technology.					
6	Modern technology helps to send the complaints quickly.					
7	Online advertisement helps to choose from different products					
8	Purchase decision can be made in privacy.					
9	Payment through mobile and internet helps to make the premium easies.					
10	Electronic Services of LIC provide Up to date information					

SA-Strongly Agree, A-Agree, N-Neutral, DA-Disagree, SDA-Strongly Disagree

38. Perception of the policyholders regarding Branch premises of LIC of India

[Put a Tick mark in the appropriate box]

S. No	Characteristics	SA	A	N	DA	SDA
1	The branch is nearest to me					
2	The branch premises has sufficient seating arrangement					
3	The branch premise has sufficient premium payment counters.					
4	The branch premises adequate parking faculties					
5	The atmosphere of branch premises is very pleasant.					
6	The branch office is computerized					
7	The branch premises has Drinking Water facilities					

SA-Strongly Agree, A-Agree, N-Neutral, DA-Disagree, SDA-Strongly Disagree

39. Why do you prefer the Insurance Product of LIC of India?

[Put a Tick mark in the appropriate box]

S. No	Characteristics	SA	A	N	DA	SDA
1	Better Customer Service					
2	Better Agents Service					
3	High Returns					
4	Low Risk					
5	E-Service					
6	Quality Products					
7	Future Benefits					
8	Nearness to LIC Office					
9	Simple Procedure					
10	Tax Rebates					
11	Surrender of Policy					
12	Loan Against Policy					
13	Availability of Grace Period					
14	Lower Interest rates being pending amount delayed					
15	Loan facilities					

SA-Strongly Agree, A-Agree, N-Neutral, DA-Disagree, SDA-Strongly Disagree

40. How far you are satisfied with the given aspects and services provided by the life insurance company of India. [Put a Tick mark in the appropriate box]

S. No	Characteristics	HS	S	N	DS	HDS
1	Customer care					
2	Schemes / Policies					
3	Amount of Premium and / Mode of payment					
4	Settlement					
5	Services provided by agents					
6	Simple procedure					
7	Quick disbursements of loan against policies					
8	Tax benefit					
9	To earn high returns					
10	Future needs					

HS-Highly Satisfied, Satisfied-Neutral, DS-Dissatisfied, HDS-Highly Dissatisfied

41. State your opinion about the agent related services in LIC of India

(Tick Mark in the appropriate box)

S. No	Statement	SA	A	N	DA	SDA
1	Assist to remit premium					
2	Prompt remittance of premium without any delay					
3	Better door service by the agent					
4	Explaining the various aspects of the polices					
5	Providing information about latest schemes/Polices					
6	Reminding the dates of premium due.					

SA-Strongly Agree, A-Agree, N-Neutral, DA-Disagree, SDA-Strongly Disagree

42. State your opinions regarding the problems caused by your LIC of India agents?

(Tick mark in the appropriate box)

S. No	Statement	SA	A	N	DA	SDA
1	Delay in the remittance of initial premiums given					
2	Lack of clear knowledge about different policies.					
3	Failure to explain the details about the policies					
4	Failure to collect premiums at home					
5	Temporary receipt is not given					

SA-Strongly Agree, A-Agree, N-Neutral, DA-Disagree, SDA-Strongly Disagree

43. What are your suggestions to improve the quality of service provided by the LIC of India?

APPENDIX – II

LIST OF PUBLICATIONS

Sl. No.	Title	Journal/Seminar/Publisher	Organizer & Date
1	Recent Trends in Management Practices	Research Explorer (A Referred Bi Annual International Research Journal on Multidisciplinary) ISSN: 2250 – 1940 February – 2013	Management department, Rajah Serfoji Govt. College (Autonomous), Thanjavoor.
2	Emerging Trends in Banking Industry	Emerging Trends in Banking Industry ISBN 978-81-923975-5-9 March - 2013	PG & Department of Commerce, ST.Xavier's College (Autonomous) Palayamkottai, Tirunelveli.