

An Insight on Services Offered By LIC-A Customer Perspective

Dr.R.Alamelu, S.Vijay

Abstract— The main objective of the study is to provide a new insight on customer expectations over the services offered by LIC. This study finds out the policy holders opinion regarding various aspects like skills and competency of employees, service delivery process, technological capability of the organisation and claim settlement method. Both Primary and secondary data were used for this study. Primary data was collected from existing policy holders of LIC. Samples of 150 respondents was collected from three different branches in Pudukkottai district. Simple Random Sampling method is adopted for the collection of the information. Descriptive Statistics, correlation analysis were used for this study and their results was interpreted. LIC can offer more attractive products with low premium rate in order to compete among private insurer. It could be suggested that though LIC holds its power in creating trust and instilling confidence in the minds of the policyholders, but lacks in various service delivery aspects such as solving problems, providing prompt delivery of services and responses to the policyholders. LIC may focus on the efficient and effective delivery of services to the policyholders which would enhance corporate goal of increasing insurance coverage, more profit and increment in market value and share.

Key words: customer services offered, delivery of services, employee competency, Insurance policy, trust

I. INTRODUCTION

Insurance is described as a social tool which reduces or eliminates the risk of life and property. The quality of service delivery results in customer satisfaction, their retention and it reinforces the perception that the value of service received is greater than the price paid for it. Service quality can be related to service potential, service process and service result. Everyone is exposed to various risks. Future is very uncertain, but there is way to protect one's family and make one's children's future safe. Life Insurance companies help us to ensure that our family's future is not just secure but also prosperous Thus, the delivery of high quality service is crucial to the high service value perception. Customer service assumes vital importance in the marketing programmes of all modern organizations including service organizations.

Dr.R.Alamelu, Faculty Member, School of Management, SASTRA University, Thanjavur, India

S.Vijay, Student, School of Management, SASTRA University, Thanjavur, India

II. REVIEW OF LITERATURE

The researcher has reviewed various studies and the relevant literature is discussed. Researcher has pointed out that there is a very significant association between the demand for life insurance products and various macroeconomic variables [1]. Various researches indicated the importance of insurance companies to have organised systems for collecting and monitoring information about the customer [2]. Other studies evaluated the risk of non-insurance for divorced and widowed women, who are also an important and need to be considered. In the event of divorce or in case of husband's death, insurance coverage for woman may lead to loss which should be prevented [3]. A research on consumer satisfaction towards the purchase of life insurance products compares satisfaction level of customers when no agent is used as intermediary [4]. It explained how villagers with few links to any formal kind of insurance market have established membership based indigenous insurance associations to protect themselves against unexpected expenditures, mainly for funerals and hospitalization [5]. Other researchers found that lack of skills among the employees, lack of technological facilities, low premium yielding, are the main reasons for low priority for insurance in India and he suggested return linked insurance, for the successful penetration [6]. It facilitates the efficient and easy delivery and promotion of insurance products to tap policy holders, by introducing tie-ups with banks, mutual funds and benefit consultants and companies[7].

III. RESEARCH METHODOLOGY

The main objective of the study is to provide a new insight on customer expectations over the services offered by LIC. This study found the policy holders opinion regarding various aspects like skills and competency of employees, service delivery process, technological capability of the organization and claim settlement method. Both Primary and secondary data were used for this study. Primary data was collected from existing policy holders of LIC. Samples of 150 respondents were collected from three different branches in Pudukkottai district. Simple Random sampling method is adopted for the collection of the information. Descriptive Statistics and correlation analysis was used for this study and their results were interpreted. This study finds out the policy holders opinion regarding various aspects like skills and competency of employees, service delivery process, technological capability of the organization and claim settlement method.

IV. DATA ANALYSIS AND INTERPRETATION

The researcher has conducted cross tab analysis for identifying the significant association between the demographic and four selected customer services offered by LIC.

Cross tab analysis between demographic factors with factors of customer satisfaction

Table 1

Sl. no			Employee's competency	Brand image	Service process	Renewal notices
1	Age	Sig	.000	.02	.154	.02
		Result	Rejected	Rejected	Accepted	Rejected
2	Gender	Sig	.460	.057	.000	.576
		Result	Accepted	Accepted	Rejected	Accepted
3	Marital status	Sig	.033	.017	.052	.896
		Result	Rejected	Rejected	Accepted	Accepted
4	Qualification	Sig	.017	.026	.060	.121
		Result	Rejected	Rejected	Accepted	Accepted
5	Occupation	Sig	.001	.001	.123	.243
		Result	Rejected	Rejected	Accepted	Accepted
6	Place	Sig	.130	.014	.264	.152
		Result	Accepted	Rejected	Accepted	Accepted

The Pearson Chi-square value (0.000) for the factor 'employee's competency' signified that the null hypothesis is rejected. This inference pinpointed that there is significant difference between age of the respondent and the competency level of employees. The Pearson Chi-square value (0.154) for the factor 'service processes' signified that the null hypothesis is accepted. This inference pinpointed that there is no significant difference between age of the respondent and the competency level of employees. The Pearson Chi-square value (0.460) for the factor 'employee's competency' signified that the null hypothesis is accepted. This inference pinpointed that there is no significant difference between gender of the respondent and the competency level of employees. The Pearson Chi-square value (.057) for the factor 'brand image' signified that the null hypothesis is accepted. This inference pinpointed that there is no significant difference between gender of the respondent and the brand image of firm. The Pearson Chi-square value (.576) for the factor 'renewal notices' signified that the null hypothesis is accepted. This inference pinpointed that there is no significant difference between gender of the respondent and the renewal notices to customers. The Pearson Chi-square value (.123) for the factor 'service processes' signified that the null hypothesis is accepted. This inference pinpointed that there is no significant difference between occupation of the respondent and efficient service process. The Pearson Chi-square value (.243) for the factor 'renewal notices' signified that the null hypothesis is accepted. This

inference pinpointed that there is no significant difference between occupation of the respondent and renewal notices to customers regularly. The Pearson Chi-square value (.264) for the factor 'service processes' signified that the null hypothesis is accepted. This inference pinpointed that there is no significant difference between place of the respondent and efficient process of services to customers.

Correlation Analysis:

The researcher has performed correlation analysis comparing the demographic variables along with selected customer services offered by LIC.

Correlation between Gender with family protection and brand image

Table 2

S NO	Variable	r value	Result
1	Gender with Policy for family protection.	.481	Positively correlated
2	Gender with Brand Image	.504	Positively correlated

While identifying the relationship between gender with family protection and brand image, the 'r' value revealed that brand image has strongly related with gender of the respondent (.504) and family protection has moderately related with the same.

Above table explained that there is no significant difference between gender of respondent with policy for family protection and brand image. Hence the null hypothesis is accepted.

Correlation between gender of respondents with premium payment facility and safe and secure transactions

Table 3

S NO	Variable	r value	Result
1	Gender with premium payment facility	.428	Positively correlated
2	Gender with safe and secure transactions	.459	Positively correlated

The above table shows that the 'r' value for gender of respondents with premium payment facility is higher than significant value (.05) and the null hypothesis is accepted. Hence there is no significant difference between gender of respondents with premium payment facility and safe and secure transactions.

Correlation between Qualification of Respondent with use of technological tools

Table 4

S.No	Variable	r value	Result
1	Qualification with use of technological tools to serve effectively	.749	Positively correlated

The above table shows that the 'r' value for qualification of respondents and use of technological tools to serve effectively is higher than significant value (.05) and the null hypothesis is accepted. Hence there is no significant difference between qualifications of respondents with use of technological tools to serve effectively.

Correlation between Gender of respondent with payment through alternate channels
Table 5

S NO	Variable	r value	Result
1	Gender with facility of premium payment through alternate channels	.816	Positively correlated

The above table shows that the 'r' value for gender of respondents and facility of premium payment through alternate channels is higher than significant value (.05) and the null hypothesis is accepted. Hence there is no significant difference between gender of respondents and facility of premium payment through alternate channels.

Correlation between age of respondents with settlement process
Table 6

S.NO	Variable	r value	Result
1	Age of respondents with delay in settlement of claim amount	.866	Positively correlated

The above table shows that the r value for age of respondents and delay in settlement of claim amount is higher than significant value (.05) and the null hypothesis is accepted. Hence there is no significant difference between age of respondents and claim amount settlement.

V. FINDINGS AND DISCUSSION

The majority of the respondents come under the age group of 41-50.30% of respondents are in the age group of 41-50. 74% of respondents are male and 26% of policy holders are female.82% of respondents are married and 18% of respondents are unmarried. 57% of policy holders comes under rural area and 43% of respondents are under urban areas.42% of respondents are under graduate and 41 % respondents are graduate. Majority of respondents are come under 1lakh -5lakh as their annual income. Majority of respondents say 55 % of respondents save nearly 10% of their annual income as monthly savings. 51% of respondents prefer to take policy under endowment plan. Pension plan is the least preferred plan.. 47% of respondents are satisfied with the overall services offered by LIC. There is no significant difference between gender and investment due to family protection and there is no significant difference between gender and investment due to brand image. There is no significant difference between qualification of respondents and use of technological tools to serve effectively. There is no significant difference between gender of respondents and facility of premium payment through alternate channels. There is no significant difference between age of respondents and claim amount settlement. There is a

delay in settlement of maturity claim amount to policy holders. It is good to have a basic awareness of all the LIC policies by the employees which would help them to clarify the basic doubts of customers. Premium collection centres can be opened in rural areas so that policy holders in rural areas may avoid remitting the premium with penalty. Awareness should be created for operating e-portal facility by the policy holders to know the status of their policy and benefits such as loan amount, surrender amount, bonus and nominee details by launching special mobile apps. LIC can offer more attractive products with low premium rate in order to compete among private insurer. LIC may focus on the efficient and effective delivery of services to the policyholders. Thus it would enhance its corporate goal of increasing insurance coverage, more profit and increment in market value and share.

VI. CONCLUSION

Insurance sector in India has come a long way from being a nationalized to a liberalized market. And for its growth there is a dire need to examine the key issues trends and challenges so that India can match international standards both in terms of market size and consumer satisfaction. It is the high time for the insurance companies to have terms clearly defined in the insurance policy with a reasonable clarity and not to continue with old forms which at time are vague. In the global era, Insurance companies are increasingly willing to spend more on the customer satisfaction and brand building exercises. Though it is one of the highly regulated industries, it still provides lot of scope for creativity and innovations. As this industry is predominantly dominated by personal selling and personalized services, many a time the service standards vary based on the intermediary involved in the process. In order to achieve the competitive edge over others, it is necessary to standardize the process and bring about quality improvement and get feedback from the customers regarding the quality of services rendered. This will result in customer satisfaction, customer retention, customer acquisition, and employee retention and cost reduction. Servicing focuses on enhancing the customer's experience and maximizing his convenience. This calls for effective Customer Relationship Management system, which eventually creates sustainable competitive advantage and enables to build long lasting relationship.

REFERENCES

- [1] H. Sadhak , "Life Insurance and the Macro Economy Indian Experience", Economic and Political Weekly, Vol.41, Iss.11, 2006, pp. 108.
- [2] A. K. Shukla, "The Marketing Challenge" , Yogakshema, April 2006, pp. 10-13.
- [3] Weir, David, and Robert Willis, "Prospects for Widow Poverty in the Finances of Married Couples in the HRS." In Forecasting Retirement Needs and Retirement Wealth, edited by Olivia S. Mitchell, P. Brett Hammond, and Anna M. Rappaport, Philadelphia: University of Pennsylvania Press, 2006, 208-234.
- [4] Gregory A. Kuhlemeyer and Garth H. Allen, "Consumer Satisfaction with Life Insurance: A Benchmarking Survey", Financial Counseling and Planning, Vol.10, Iss. 2, 1999, pp.33-49.
- [5] Prof. Stefan Dercon , Prof. Joachim De Weerd, "Membership Based Indigenous Insurance Associations in Ethiopia and Tanzania" Initiatives Report by Tanzania Tessa Bold and Alula ankurst Addis Ababa University, Ethiopia, 2004.



An Insight on Services Offered By LIC-A Customer Perspective

- [6] K.B.Vijay Srinivas, “How returns linked insurance products can be popularized?”, The Insurance Institute of India Journal, July-Dec,2000,p.67.
- [7] J.Vijayavani,”Cost effective Distribution channels of life insurance products”, The Journal of Insurance Institute of India, July-December,1999,p.57.

Dr.R.Alamelu Doctorate in Management and has published more than 50 research papers in International indexed referred journals.

S.Vijay MBA graduate interested in marketing activities.