

POLICY HOLDERS SATISFACTION OVER THE LIFE POLICY ATTRIBUTES WITH SPECIAL REFERENCE TO LIFE INSURANCE CORPORATION

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Abstract - The LIC is the biggest player in the life insurance market with approx. 65% market share. Life insurance is one of the best known insurance products today. People buy these products as investment tools and also as protection for themselves and their families. Here an attempt has been made in this research paper to study the policy holders satisfaction over their life policy attributes. This exploratory study was conducted among 500 policy holders of Life Insurance Corporation in Krishnagiri District. This study identify ten independent items explore the Life policy attributes and policy holders satisfaction consider as a response variable. The study applies Multiple regression analysis as well as path to explore the life policy attributes. The study found that out of ten life policy attributes, Convenient method to pay premium has significantly emerged as a strong predictor of policy holders satisfaction.

Key Words: Policy holders – Life policy – Satisfaction – Regression analysis

I. INTRODUCTION

Life insurance had its origins in ancient Rome, where citizens formed burial clubs that would meet the funeral expenses of its members as well as help survivors by making some payments. As European civilization progressed, its social institutions and welfare practices also got more and more refined. With the discovery of new lands, sea routes and the consequent growth in trade, Medieval guilds took it upon themselves to protect their member traders from loss on account of fire, shipwrecks and the like. The first stock companies to get into the business of insurance were chartered in England in 1720. The year 1735 saw the birth of the first insurance company in the American colonies in Charleston, SC. In 1759, the Presbyterian Synod of Philadelphia sponsored the first life insurance corporation in America for the benefit of ministers and their dependents. However, it was after 1840 that life insurance really took off in a big way.

II. STATEMENT OF PROBLEM

Life Insurance Corporation was the only company which dealt in Life Insurance and after opening of this sector to other private companies, all the world leaders of life insurance have started their operation in India. With their world market experience and network, these companies have offered many good schemes to pull all type of Indian consumers but unfortunately failed to get the major share of market. Still the LIC is the biggest player in the life

insurance market with approx 65% market share. In the competitive insurance market, LIC have to retain their strong hold in the insurance sector in the heavy competitive field by the way of to check the customer perception and their attitude towards the Life insurance Corporation and its various life policies. In the view of the above problem statement the researcher has attempted to analyze the policy holder's satisfaction over their life policy.

III. METHODOLOGY

Sample design and Sampling method: This exploratory research has conducted to explore the policy holder's satisfaction over life policy. This study was conducted among the Policy holders of Life insurance corporation residing in Krishnagiri District. Convenient sampling method was used for selection the sample respondents for primary data collection.

Sample Size: The population of the study covers the policy holders of LIC in the study area. The researcher has adapted a non-probabilistic sampling method of convenience sampling. There are 500 respondents were included in the sample survey.

Data Collection: The study is primarily based upon primary data collected from a structured survey through questionnaire. The survey was administered on 500 policy holders of LIC in person. The questionnaire comprised of 16 questions. Out of which five questions were about policy holder's demographic details measured with nominal and ordinal scale, and remaining 11 were study specific. The eleven core variables were measured by response on five point Likert scales, which rated 1 as strongly disagree and 5 as strongly agree.

Analysis of the data: After the data collection was over, the researcher analyzed the collected data with the help of statistical packages such as SPSS 20, (statistical package for social science). **Frequency Tables:** simple frequency tables were applied which showed the position of the various personal demographic information and policy holders satisfaction over life Policies. **Multiple regressions:** The multiple regression test was conducted for the purpose of finding the most influence life policy attributes. The path diagram shows the direct relationship between ten independent variables and response variables of Life policy.

TABLE NO. I DEMOGRAPHIC PROFILE

Classification	Level	Count	Prob
Gender	Male	289	0.57800
	Female	211	0.42200
	Total	500	1.00000
Age of the Respondent	Below 25 years	108	0.21600
	Between 25 - 35 years	222	0.44400
	Between 35 - 45 years	91	0.18200
	Between 45 - 55 years	42	0.08400
	Above 55 years	37	0.07400
	Total	500	1.00000
Marital Status	Married	436	0.87200
	Unmarried	64	0.12800
	Total	500	1.00000
Occupation	Government employee	55	0.11000
	Private Employee	48	0.09600
	Business	191	0.38200
	Professionals	116	0.23200
	Others	90	0.18000
	Total	500	1.00000
No. of Family Members	2 members	49	0.09800

Classification	Level	Count	Prob
	3 members	150	0.30000
	4 members	147	0.29400
	5 members	21	0.04200
	More than 5	133	0.26600
	Total	500	1.00000

The above table shows the classification of the respondent of 500 LIC policy holders of their basis personal and demographical information. Out of 500 sample respondents, 289 respondents were male and 211 respondents were female. The majority of the respondent 57.8% were male. The age wise classification shows that 222 respondents were belongs to the age group between 25 – 35 years and 108 respondents are below 25. Regarding the occupation of the study respondent of 500, 191 respondent were doing own self occupaied business and 116 respondents are in Professionals. The majority of the respondent were doing own business. Out of 500 respondent of this study, 150 respondents have more than 3 members in their family, 147 respondents have less than 4 members in their family. 133 respondebts have more than 5 members in their family.

TABLE NO. II RESULT OF MULTIPLE REGRESSION - MODEL SUMMARY

R	R Square	Adjusted R Square	Std. Error of the Estimate
.366 ^a	.134	.116	1.239

a. Predictors: (Constant), LIC Polices gives positive image, High rate of return, Suitable for my needs, Convenient method to pay premium, Acceptable penalty charges, Financial security for my family, Policies are superior to other, Fullest satisfaction of my requirement, I know all the features of the policy, Gives me confidence about my future

b. Dependent Variable: Overall Satisfaction

TABLE NO. III RESULT OF ANOVA^A

Test summary	Sum of Squares	df	Mean Square	F	Sig.
Regression	116.262	10	11.626	7.570	.000 ^b
Residual	751.050	489	1.536		
Total	867.312	499			

a. Predictors: (Constant), LIC Polices gives positive image, High rate of return, Suitable for my needs, Convenient method to pay premium, Acceptable penalty charges, Financial security for my family, Policies are superior to other, Fullest satisfaction of my requirement, I know all the features of the policy, Gives me confidence about my future

b. Dependent Variable: Overall Satisfaction

The ANOVA table, as displayed in table shows F ratio for the regression model that indicates that the chosen ten Life policy attributes significantly contribute for the dependent Overall Satisfaction rating of the LIC Life Policy. The variance independent variable that is associated with dependent variable is referred to as explained variance

TABLE NO. IV STANDARDIZED AND UNSTANDARDIZED VALUE FOR LIFE POLICY ATTRIBUTES

Life Policy Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.276	.212		10.755	.000
Policies are superior to other (P1)	.059	.041	.064	1.415	.158
Suitable for my needs (P2)	.076	.044	.077	1.741	.082
Financial security for my family (P3)	.087	.042	.096	2.096	.037*
Fullest satisfaction of my requirement (P4)	.067	.056	.059	1.191	.234
I know all the features of the policy (P5)	.198	.059	.189	3.385	.001*
Gives me confidence about my future (P6)	.027	.058	.027	.461	.645
High rate of return (P7)	.009	.045	.009	.206	.837
Convenient method to pay premium (P8)	.258	.060	.191	4.317	.000**
Acceptable penalty charges (P9)	-.158	.054	-.164	-2.943	.003*
LIC Polices gives positive image (P10)	-.509	.078	-.354	-6.524	.000**

a. Dependent Variable: Overall Satisfaction *Significant at 0.05 ** Significant at 0.0001

IV. RESULTS AND DISCUSSION

The output shows the results of fitting a multiple linear regression model to describe the relationship between Overall Satisfaction and 10 independent variables. The equation of the fitted model is

$$\text{Overall Satisfaction} = 2.27597 + 0.0585407*P1 + 0.0759576*P2 + 0.0871784*P3 + 0.066932*P4 + 0.198373*P5 + 0.0268555*P6 + 0.0091829*P7 + 0.258408*P8 - 0.157586*P9 - 0.508603*P10$$

Since the P-value in the ANOVA table is less than 0.05, there is a statistically significant relationship between the variables at the 95.0% confidence level. The R-Squared statistic indicates that the model as fitted explains 13.4049% of the variability in Overall Satisfaction. The adjusted R-squared statistic, which is more suitable for comparing models with different numbers of independent variables, is 11.634%. The standard error of the estimate shows the standard deviation of the residuals to be 1.23931. This value can be used to construct prediction limits for new observations by selecting the Reports option from the text menu. The mean absolute error (MAE) of 1.01111 is the average value of the residuals. Since the P-value is less than 0.05, there is an indication of possible serial correlation at the 95.0% confidence level. In determining whether the model can be simplified, notice that the highest P-value on the independent variables is 0.8367, belonging to P7 (High rate of return). Since the P-value is greater or equal to 0.05, that term is not statistically significant at the 95.0% or higher confidence level. Consequently, it should consider removing C.P7 from the model.

V. FINDINGS

Out of ten life policy attributes the indicators such as Financial security for my family (P3), I know all the features of the policy (P5), Convenient method to pay premium (P8), Acceptable penalty charges (P9) and LIC Polices gives positive image (P10) are significant predictor of this model. However the variables namely Policies are superior to other (P1), Suitable for my needs (P2), Fullest satisfaction of my requirement (P4), Gives me confidence about my future (P6), High rate of return (P7) are not significant predictor of this model.

VI. CONCLUSION

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 core policies during the current year. LIC has crossed many milestones and has set unprecedented performance records in various aspects of life insurance business. This study found that policy holders were satisfied over the major life policy attributes such as, Payment of premium, Convenient Method of paying premium and Strong public image. This result confirm that the policy holders has kept their strong confined on Life Insurance Corporation and its Life policies. This will encourage and support the Life Insurance corporation to render their service to its customer with more confident.

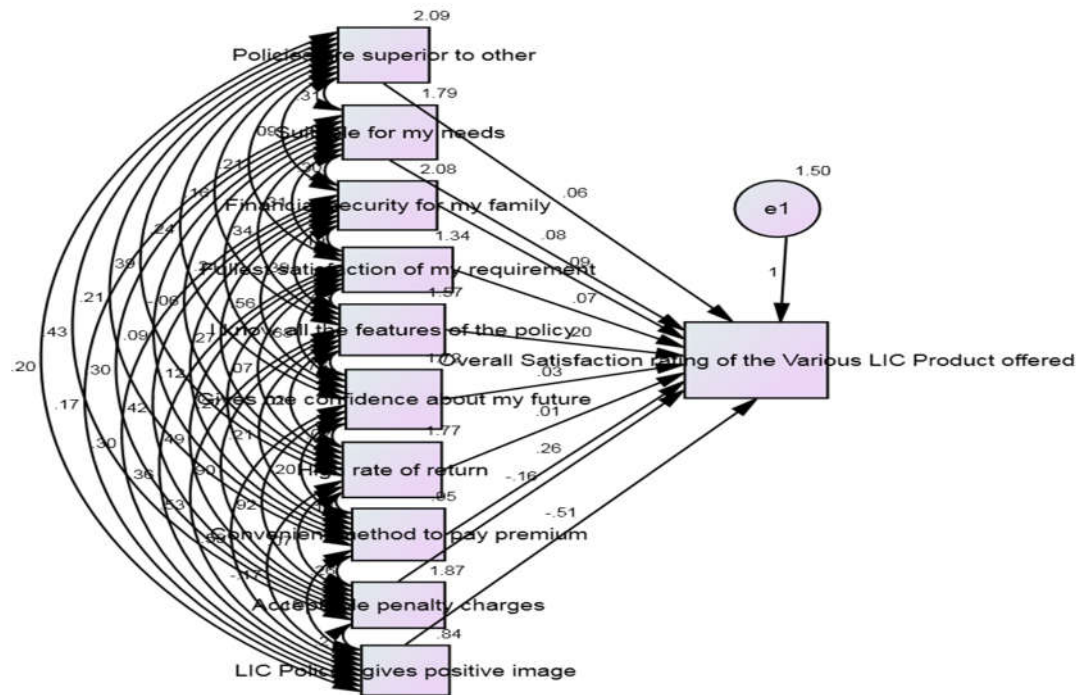


Fig. No.1. Path diagram shows the Life Policy attributes on Policy holders Satisfaction

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