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Case Study NJCBL

Customer Attitude and Satisfaction Towards Investment in Select Life Insurance Corporation (with Special Reference to Coimbatore City in Tamil Nadu)

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Abstract

Insurance is one of the significant segments of financial system. The insurance industry is unique because it is rewarded for handling the risk of third parties. LIC of India is the largest life insurance player in the Indian insurance industry, thanks to its strong brand, long experience, and well-established network. In India, the insurance sector not only plays a role in the financial system, but it also serves an important socioeconomic function by providing risk coverage to the poor population. The insurance business is facing new challenges like quick dynamic market, new technologies, economic uncertainties, fierce competition and a lot of strict customers and therefore the dynamic business climate. Similar to firms of alternative business domains, insurance conjointly considers their customers. The LIC aims to investigate policyholders' (customers') perceptions and satisfaction towards numerous services offered to the general public in the country. The study is targeted on policyholders residing in Coimbatore town.

Keywords: Insurance, economic uncertainties, Coimbatore town, LIC, financial system

INTRODUCTION

In India, there are 57 insurance firms, 24 of which are life insurers and 34 non-life insurers. Among life insurers, Life Insurance Corporation (LIC) is the only one that is a public firm. Six public sector insurers operate in the non-life insurance business [1, 2]. Additionally, the General Insurance Corporation of India is the sole national reinsurance company (GIC Re). Other participants in the Indian insurance industry include agents (individual and corporate), brokers, surveyors, and third-party administrators who manage health insurance claims. The life insurance market is anticipated to expand at a 5.3% CAGR between 2019 and 2023. With life insurance penetration at 3.2% and non-life insurance penetration at 1.0%, India's insurance penetration in FY21 was 4.2%. India's overall insurance density was US$ 78 in fiscal year 21. By FY31, it is anticipated that India's life insurance premiums would total Rs. 24 lakh crore (US$ 317.98 billion). Compared to the same period last year, the life insurance sector rose by 5.8% in the first half of FY22 [3–6].

In 2021–22, life insurers' gross first-year premium increased by 12.93% to Rs. 314,262.42 crore (US$ 40.06 billion). Gross premiums written off by non-life insurers reached Rs. 220,772.07 crore (US$ 28.14 billion) between April 2021 and March 2022, an increase

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of 11.1% over the same period in FY21. The total premium earned by the non-life insurance segment in May 2022 was Rs. 36,680.73 crore (US$ 4.61 billion), a 24.15% increase over the same period the previous year. The private sector's market share in the general and health insurance market increased from 48.03% in FY20 to 49.31% in FY21. Six standalone private sector health insurance companies increased their gross premium by 66.6% to Rs. 1,406.64 crore (US$ 191.84 million) in May 2021, up from Rs. 844.13 crore (US$ 115.12 million) the previous month [7, 8].

STATEMENT OF THE PROBLEM

Because life insurance is intangible in nature, the majority of the Indian population does not understand what it means. Despite a history of more than 200 years, India's life insurance sector is still underserved, with only 27% penetration. Almost all insurers understand that it cannot be purchased and must be sold; however, there are many misconceptions in Indians' minds about the concept of insurance, which has caused complications in marketing its products.

Making the insurance concept understandable to the uneducated, rural, and economically disadvantaged people is a difficult task. Insurers may succeed if they understand the attitudes of insured and uninsured people and develop separate strategies for each. Life insurance companies' marketing activities are all about informing, raising awareness, developing beliefs, forming positive attitudes, reinforcing trust, and so on in the minds of their customers through the use of tools such as advertising, public relations, displays, word of mouth, sales promotion, personal selling, and so on. Knowing the feelings of respondents was essential because insurers can either form a positive attitude or cause a negative attitude [9, 10]. Customers are now more informed about their options, but the majority of the Indian population remains uninsured. Therefore, the present study gives more importance to the attitudes of customers towards life insurance. As a result, the chosen topic is “Customer Attitude Towards Life Insurance Investment with Special Reference to Coimbatore District”.

OBJECTIVES OF THE STUDY

In view of the above introductory remarks, the following have been laid down as the specific objectives of the study.

1. To study the influence of demographic profile of the respondents and their views on the investment in Life insurance schemes.
2. To identify the factors influencing selection of various insurance schemes by the customers.
3. To study the customers’ attitude towards different schemes of different insurance companies.

RESEARCH METHODOLOGY

- *Research design Universe of the study:* LIC policy holders in Jaipur City.
- *Data collection:* Primary Data and Secondary Data.
- *Sample design:* Simple Random sampling.
- *Sample size:* 379.
- *Sample unit:* Age group between 20 and 50 years.
- *Techniques and tools:* Techniques for descriptive statistics: Graph, chart, table, central tendency measures, Rank analysis Analytical statistical methods, ANOVA.

Type of Research

The study used descriptive, experimental, and exploratory research methods to determine the customer's attitude toward investing in life insurance with a focus on the Coimbatore district. This is a descriptive study that reveals the relationship between variables, and these relationships are statistically interpreted.

Data Collection Secondary Data

The researcher obtained secondary data from relevant textbooks, journals, reports, articles, newspapers, unpublished dissertations, working papers, and the internet.

Primary Data

The survey strategy enables the researcher to collect data that can be quantitatively analysed using descriptive and inferential statistics. The information gathered through the survey strategy is simple to explain and comprehend.

Data Analysis and Findings

H0: There is no significant association between demographic factors and their savings allocation towards life insurance.

H1: There is significant association between demographic factors and their savings allocation towards life insurance.

Insurance savings allocation is the dependent variable which would indicate the life insurance investment behaviour. A multiple regression model for insurance saving is attempted for computing the investment behaviour on Age of Respondents (AR), Gender of Respondents (GR), Marital Status of the respondents (MS), Education of Respondents (ER), Area of Residence (AR), Designation (D), Experience (E), Annual Income (AI), Number of Earning Members (NEM), Number of Dependents (ND) and Kind of Investment prefer (KI). Using SPSS software, the model summary and ANOVA results have been generated as presented in Tables 1 and 2.

Table 1. Multiple regression model summary.

R	R square	Adjusted R square
.742	.458	.443

Level of Significance: 5%.

Table 2. Results of ANOVA for multiple regression model.

Model	Sum of squares	Df	Means square	F	Sig.
Regression	74.114	10	7.511	31.063	.000
Residual	87.986	368	.242		
Total	162.100	378			

Source: Primary Data computation.

Multiple Correlation Coefficient R=0.742 indicates that there is a substantial correlation between the dependent variable insurance savings allocation and the predictor variables. Value of R^2=0.458 indicate that about 45.8% of the variation in the dependent variable insurance. Savings allocation is explained by the set of predictor variables.

The values represent the relative importance of each predictor variable as shown in the empirical model. Variable with the highest influence in the model is the designation of the respondents with a regression coefficient of 1.415. Then comes marital status and number of earning members with regression coefficients of 1.185 and 1.062.

Preference of Companies

It could be observed that majority of the sample respondents have brought one policy from various insurance companies both for individual and family life protection.

The subsequent Table 3 illustrates the name of insurance companies from where the sample population have bought insurance policy.

Table 3 indicates that 40.90% of the policy holders have made their investment in LIC life insurance, 15.04% of the policy holders have invested in Aegon Life Insurance Co. Ltd. and 12.40% of the policy holders have invested their money SBI Life. The Max New York Life have 7.92% and Bajaj Allianz have 2.37% of customers.

Table 3. Name of insurance company-policy holding.

S.N.	Insurance Company	Individual	Company wise summary of frequency distribution
1.	LIC	155	40.90
2.	Max New York Life	30	7.92
3.	HDFC Standard Life	13	3.43
4.	SBI Life	47	12.40
5.	ICICI Prudential Life	45	11.87
6.	Aegon Life Insurance Co. Ltd.	57	15.04
7.	Aviva Life Insurance Co	3	0.79
8.	Bajaj Allianz Life Insurance Co	9	2.37
9.	Bharti AXA Life Insurance Co	3	0.79
10.	Birla Sun Life Insurance Co	10	2.64
11.	Canara HSBC Oriental Bank of Commerce Life Insurance Co	4	1.06
12.	DHFL Pramerica Life Insurance Co	3	0.79
Total		379	379

Source: Primary data.

Table 4. Type of insurance policy.

S.N.	Type of Insurance Policy	No. of Respondents (N=661)	Proportionate Percentage
1.	Endowment policy	129	26.88
2.	Term policy	125	26.04
3.	Money-back policy	114	23.75
4.	Children's policy	89	18.54
5.	Health Insurance policy	72	15.00
6.	Special plans	49	10.21
7.	Pension plans or annuities	28	5.83
8.	Whole life policy	24	5.00
9.	Unit Linked policy	23	4.79
10.	Joint life policy	4	0.83
11.	Women's policy	3	0.63
12.	Group insurance policy	1	0.21

Source: Primary data.

From the Table 4, it is observed that the 26.88% of the respondents have investment endowment insurance policy, followed by 26.04% of the respondents have owning term policies; 23.75, 18.54 and 15% of sample respondents have taken money back policy, children's policy, Health Insurance policy respectively and 10.21% of sample respondents have special insurance plans policy. While, pension plans or annuities, whole life policy, unit linked policy, joint life policy and women's policy customers have been recorded as 5.83, 5, 4.79, 0.83 and 0.63%. Remaining 0.21% of the respondents have owned group insurance policy.

The analysis of Table 5 indicates that majority of the policy holders have expressed satisfaction towards service feature of intimation of premium payment on time by their insurance company(s) and it is ranked at first with a mean score of 4.30. The respondents have opined that they have high degree of satisfaction towards the customer treatment and response to enquiry at office; these variables are duly ranked at second and third place with average score of 3.98 and 3.91 respectively. Sample subjects' level of satisfaction towards bonus and variety of policies offered.

Table 5. Policy holders' level of satisfaction towards services rendered by life insurance company.

Service Rendered	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	Mean	Rank
Intimation of premium	37.92	56.04	4.38	1.67	0.00	4.30	1
Bonus	16.25	61.46	18.54	3.54	0.21	3.90	4
Variety of policies	13.75	54.38	25.00	6.25	0.63	3.74	5
Loan facility	11.46	45.63	32.71	9.38	0.83	3.58	6
Terms of policies	10.00	39.79	37.08	11.88	1.25	3.45	10
Convenience	7.08	46.67	33.33	12.92	0.00	3.48	8
Response to enquiry at Office	37.50	21.04	38.33	0.83	2.29	3.91	3
Agents' response	8.13	46.88	33.13	10.83	1.04	3.50	7
Customer treatment	47.08	20.6	17.08	13.33	.88	3.98	2
Communication	6.46	25.83	29.38	35.83	2.50	2.98	12
Claims settlement	9.79	42.08	34.17	12.08	1.88	3.46	9
Others	5.63	40.83	33.54	19.17	0.83	3.31	11

Source: Primary data.

Suggestions

Customer satisfaction is the most important factor considered by customers and businesses when adding value to their products and services. Customer satisfaction is the most important factor considered by customers and businesses when adding value to their products and services. Some suggestions for LIC in India include covering more clients through advisers and advertising. They should focus on more promotional activities to raise awareness among illiterate and rural groups about the importance of business growth. They should add economic value to the customers' lives. To avoid a lack of trust and privacy among customers, quick repayment and security measures should be implemented in order to attract more policyholders.

CONCLUSION

Every company is based on the requirements of its clients. In order to fine-tune their marketing solutions and win over a large number of customers, marketers closely monitor what consumers see, think, favour, and buy. Most people are hesitant to invest in medium and high-risk products due to a lack of knowledge about financial management practices. Everybody must have life insurance, which is a crucial kind of coverage. In contrast to wealthy nations where practically all lives are insured and the saturation level has been reached, India has a relatively low penetration of life insurance. Customers are the fundamental foundation of the life insurance industry; thus, insurers must satisfy and retain policyholders for as long as possible while also attracting new customers by providing creative, need-based solutions.

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