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Research paper

A study on customer satisfaction in LIC policies with special reference to thuckalay branch

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Abstract

Life Insurance Corporation of India is a service sector. LIC is the largest insurance Company in India. The Government of India has nationalized life insurance industry established in 1956. LIC of India with a mission to spread the message of life insurance to rural areas. The review of literature helped in understanding the characteristics of the insurance. In order to maintain customer relationship, life insurance companies should provide proper services whenever and wherever it is required. Customer Relationship Management (CRM) is one of the innovations in customer service today. Good CRM also helps to grow business and customers stay longer referrals to new customers. In the present scenario, insurance companies are facing problem of selling insurance product. These papers are covered customer satisfaction in LIC products with special reference to Thuckalay Branch. The objective of this article is to analyze the level of satisfaction among customers in Life Insurance product. This study would enable to the management to know about the level of customer satisfaction and it helps the management, to take corrective actions.

Keywords: *Customer Satisfaction; Customer Life Time; Consumer Service; Consumer Behavior.*

1. Introduction

The Life Insurance Corporation of India established on 1st September, 1956,with the objective of spreading life insurance 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 . From then to now, LIC has crossed many milestones and has set unprecedented performance records in various aspects of life insurance business. 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. In its 60 years of existence, LIC has grown from strength to strength be its customer base, agency network, branch office network, new business premium and has a significant role in spreading life insurance widely across the country.

Geographical representation of Region and Zones of LIC

Listofregions-Zone-Wise,Division-Wise,&State-Wise			
	Region	Zonal	States
1	Eastern Region	Kolkata	West Bengal, Assam, Meghalaya, Sikkim, Arunachal Pradesh, Nagaland, Tripura, Mizoram, Manipur & Andamannicobar
		Patna	Bihar, Jharkhand, Odisha
2	Outhern Region	Chennai	Tamil Nadu, Kerala, Pondicherry
3	South Central Region	Hyderabad	Telangana, Andhra Pradesh & Karnataka
4	Western Region	Mumbai	Maharashtra, Gujarat, Goa, Dadra & Nagarhaweli(Ut), & Daman & Diu
5 N	Orthern Region	Kanpur	Delhi, Haryana, Rajasthan, Punjab, Himachal Pradesh, Jammu & Uttar Pradesh, Uttaranchal
		Bhopal	Madhya Pradesh, Chhattisgarh

Source: Computed from Secondary Data

GST FOR LIC

One nation, one tax, Goods and Services Tax or GST has come into effect from July

First, 2017. India's biggest tax reform ever since Independence, it impacts everyone and all industries.

On June 30, after the ceremonious rollout of GST in Parliament's central hall by PM Narendra Modi, here's a look at its effects on the multi-billion dollar Indian insurance industry.

Customers will now have to pay a small increase in their insurance premiums;

However contrary to popular belief, not all insurance policies will be taxed at 18% from the current

15%. The increase in tax rates will vary for different insurance products and will impact policies of all private as well as public sector insurance companies, including LIC of India.

There will be a 3% rise in the tax rate on term insurance plans, health insurance plans, critical insurance plans, unit-linked insurance plans (ULIPS), motor insurance plans and personal insurance plans, up from 15% to 18%. All insurance companies in India have already started reaching out to existing policyholders via SMS, Emails and other modes of communication, intimating them of the

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change in their premium rates. These changes will affect both existing as well as new insurance policies.
The applicable tax rate on annuity plans would be a marginal 1.8% instead of the current 1.5%. For single premium policy or endowment insurance plan, GST for first year premium amount has been increased from 3.75% to 4.5%. Subsequently, for renewal premiums, it will be halved of the first year rate, which is 2.25%.

Gst Impact On Insurance				
Insurance Product	Tax Applicable On	Old Service Tax Rate	Effective Gst Rate	Increase Of
Term Plans, Health Plans, Riders	Premium Amount	15%	18%	3%
Car, Bike Insurance	Premium Amount	15%	18%	3%
Ulip Plans	Charges	15%	18%	3%
Endowment Plans	1st Year/ Single Premium	3.75%	4.50%	0.75%
Endowment Plans	Renewal Premiums	1.88%	2.25%	0.38%
Single Premium Annuity Plans	Premium Amount	1.50%	1.80%	0.30%

Corporate policyholders, who have taken general insurance, can enjoy input tax credit on the GST paid on their insurance policies. However, corporate policyholders with group life and group health insurance for their employees will not be able to enjoy any input tax credit. Similarly, life and health insurance policyholders will not have input tax credit as these are for personal use.
There are some exemptions. For instance, life insurance provided by Indian Government under these schemes are exempted from GST - Pradhan Mantri Jeevan Jyoti Bima Yojana, Pradhan
Mantri Jan Dhan Yojana, Pradhan Mantri Vaya Vandan Yojana, Janashree Bima Yojana (JBY), Aam
Aadmi Bima Yojana (AABY), life micro-insurance product as approved by the Insurance Regulatory and Development Authority of India (IRDAI) having maximum cover of Rs.50,000 and Varishtha Pension Bima Yojana.
For new customers considering buying an insurance policy, nothing changes in the comparison or selection process, as GST impacts all policies across all insurance companies.

2. Review of literature

Bhattacharjee and Dey (2012) observed that life insurance being a social provision to partially compensate for financial losses of an individual needs up gradation and innovation to suit the complex needs of customers in 21st century. The growth of life insurance market is directly linked to the present perception and satisfaction of customers with their life insurance policies. It is always wise to periodically judge the changing needs and wants of customers to further innovate products. However, insurance now has become more than just a hedge. Customers are now beginning to incorporate insurance plans while drawing up their financial plans. The present empirical study is to find the satisfaction level of Customers towards their present life insurance policies.
Rao (2014) in his study directing their strategies towards increasing customer satisfaction and loyalty through improved service quality. It is in this context, the process of CRM has been adopted by all private and public sector insurance companies. CRM technologies and campaign management tools are maturing and finding wider adoption with large insurance companies. This is to examine and evaluate the various CRM initiatives in life insurance companies and compare the strategies used by public sector LIC with private sector companies.
M. Rajkumari (2007) in his paper entitled "A Study on Customers' Preference towards Insurance Services and Bancassurance" examined the awareness, satisfaction and preferences of customers towards various Insurance services and bancassurance. The study has been undertaken by the researcher in order to identify the customer's attitude towards purchase of insurance products and also their knowledge on the banc assurance formats available through banks. He also gave suggestions to improve customer awareness on banc assurance and performance of banks in selling insurance policies.
S. Krishnamurthy, S. V Mony, Nani Jhaveri, Sandeep Bakhshi, Ramesh Bhat and M R Dixit (2005), in his paper entitled, "Insurance Industry in India: Structure, Performance and Future Challenges", clearly explained the status and growth of Indian Insurance Industry after liberalization and also presents future challenges and opportunities linked with the Insurance. Insurance is the backbone of country's risk management system and infleuence growth of an economy in several ways. Penetration of Insurance largely depends on availability of Insurance products, insurance awareness and quality of services. The future growth of this sector will depend on how effectively the insurers are meeting the expectations of their customers and able to change the perceptions of the Indian consumers and make them aware of the insurable risks. The paper has also drawn attention on emerging structure, role of banc assurance, agents and customer services in the success of life insurance business.

3. Objective of the study

To study the level of customer satisfaction in LIC of India Thuckalay Branch policy holders.
Research Design
Descriptive research design used this study.Here structured questionnaire is used to collect primary data.The secondary source of data will be collected using company journal, records, websites, magazines, books. For the purpose of this study 100 samples selected from Thuckalay Branch by using judgment sampling method. Percentage analysis used for the analysis.

4. Analysis and interpretation

Table.1:. Classification Based on the Occupation

Occupation	Respondents	Percentage
Employed	50	50
Self employed	30	30
Unemployed(Children)	20	20

The above table 1 shows that, 50 percentage of customers are employed, 30%of respondents are self employed, and 20 percentages of respondents are unemployed.

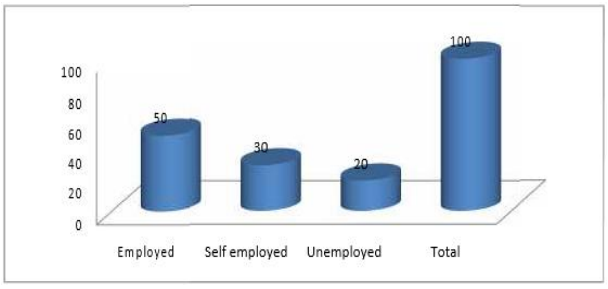


Fig. 1: Classifications Based on the Occupation.

Figure 1.1 shows we know that, 50 percentages of respondents are employed, 30 percentages of respondents are self employed, 20 percentages of respondents are unemployed.

Table 2: Income Level of the Respondents

Income level	Respondents	Percentage
5000-10000	38	38
10000-15000	23	23
15000-20000	13	13
Above 20000	13	13

The above table 2 shows that, 38 percentages of customers are receiving 5000-10000 of income, 23 percentages of respondents

are receiving10000-15000 of income, and 13 percentages of respondents are receiving 15000-20000 and above20000.

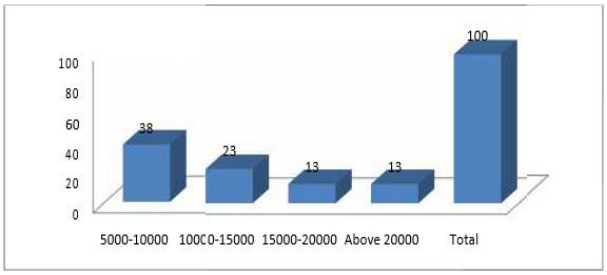


Fig. 2: Income Level of the Respondents.

Figure 2 shows we know that, 38 percentage of respondents are receiving 5000-10000 of income, 23 percentage of respondents are receiving10000-15000 of income, [13] percentage of respondents are receiving 15000-20000 and above20000.

Table 3:. Classification based on the Importance of Insurance

Essential	Respondents	Percentage
Yes	87	87
No	13	13

The above table 3 shows that, 87 percentages of respondents are the insurance policies are Very essential for our life, 13 percentages of respondents are the insurance policies are there is not much important for our life.

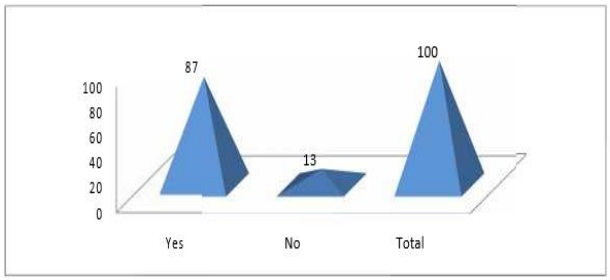


Fig. 3: Classification based on the Importance of Insurance.

Figure 3. shows we know that, 87 percentages of respondents are the insurance policies are very essential for our life, 13 percentages of respondents are the insurance policies are there is not much important for our life.

Table 4:. Classification based on the No .of Policies Bought by A Customer

No .of Policies	Respondents	Percentage
One	67	67
Two	20	20
More than two	13	13

The above table 4.shows that, 67 percentage of customers are buying atleast one policy,
20 percentage of respondents are buying two policies in a LIC, 13 of respondents are buying more than two policies.

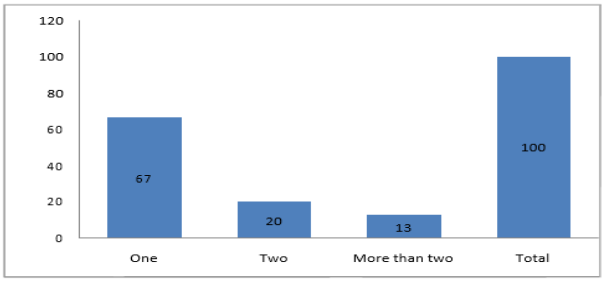


Fig. 4:. Classification Based on the No .of Policies Bought by A Customer.

Figure 4.shows we know that, 67 percentage of respondents are buying atleast one policy, 20 percentage of respondents are buying two policies in a LIC, [13] of respondents are buying more than two policies.

Table 5:. Classification based on the Grievance Redressal Mechanism

Redressal Mechanism	Respondents	Percentage
Fully Satisfied	16	16
Partially Satisfied	30	30
Not Satisfied	54	54

The above table 5.shows that, 16 percentage of respondents are says that Grievance Redressal Mechanism is fully satisfied,30 percentage of respondents says that Grievance Redressal Mechanism is partially satisfied,54 percentage of respondents says that Grievance Redressal Mechanism is not satisfied.

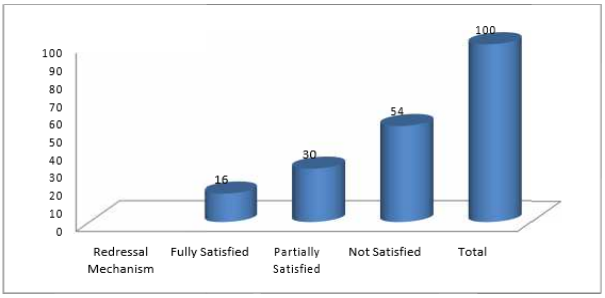


Fig. 5:. Classification based on the Grievance Redressal Mechanism.

Figure 5.shows we know that, 16 percentage of respondents says that Grievance Redressal Mechanism is fully satisfied,30 percentage of respondents says that Grievance Redressal Mechanism is partially satisfied,54 percentage of respondents says that Grievance Redressal Mechanism is not satisfied.

Table.6:. Classification based on the Overall Satisfaction with Insurance Policies

Response	Respondents	Percentage
Highly Satisfactory	12	12
Satisfactory	32	32
Average	25	25
Dissatisfactory	19	19
Highly Satisfactory	12	12

The above table 6. Shows we know that, 12 percentages of customers are the Satisfaction
with Insurance Policies are highly satisfactory, 32 percentages of respondents are the Satisfaction with Insurance Policies are satisfactory, 25 percentages of respondents are the Satisfaction with Insurance Policies is average, 19 percentages of respondents are the Satisfaction with Insurance Policies dissatisfactory, 12 percentages of respondents are the Satisfaction with Insurance Policies are highly dissatisfactory.

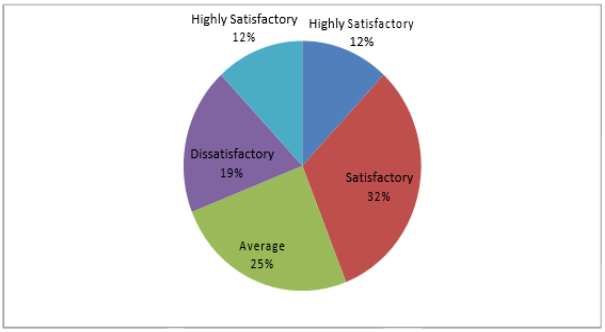


Fig. 6: Classification based on the Overall Satisfaction with Insurance Policies

Figure 6. Shows we know that, 12 percentages of respondents are the Satisfaction with Insurance Policies are highly satisfactory, 32 percentages of respondents are the Satisfaction with Insurance Policies are satisfactory, 25 percentages of respondents are the Satisfaction with Insurance Policies is average, 19 percentages

of respondents are the Satisfaction with Insurance Policies dissatisfactory, 12 percentages of respondents are the Satisfaction with Insurance Policies are highly dissatisfactory.

Table.7: Classification based on the Services Offered by LIC

Service	Respondents	Percentage
Fully Satisfied	34	34
Partially Satisfied	54	54
Not Satisfied	12	12

The above table.7 shows that, 34percentage of customers are fully satisfied with services offered by LIC, 54 percentage of respondents are fully satisfied with services offered by LIC, 12 percentage of respondents are not satisfied with services offered by LIC.

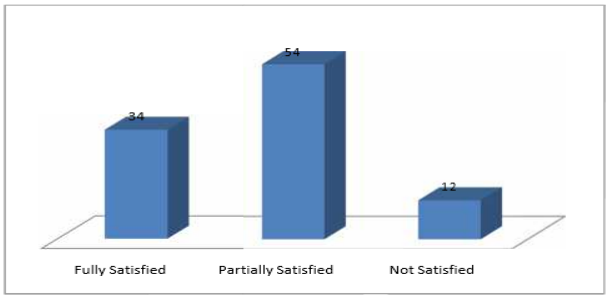


Fig. 7: Classification based on the Services Offered by LIC.

Figure.7 shows we know that, 34percentage of respondents are fully satisfied with services offered by LIC, 54 percentage of respondents are fully satisfied with services offered by LIC, 12 percentage of respondents are not satisfied with services offered by LIC.

Table.8: Classification based on after Investing Insurance Plan by the Customers

After Investing Insurance Plan	Respondents	Percentage
Good	20	20
Averagely Satisfied	57	57
Cheated	23	23

The above table 8. shows that, 20 percentage of customers are after Investing Insurance Plan is satisfied, 57 percentages of customers are after Investing Insurance Plan is averagely satisfied, 23 percentages of customers are feel about Insurance Plan cheating after the Investing in LIC.

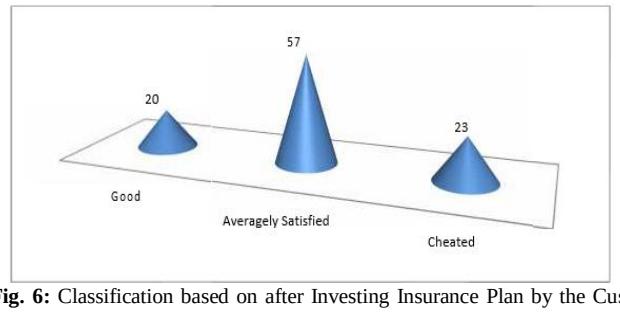


Fig. 6: Classification based on after Investing Insurance Plan by the Customers.

Figure 8. shows we know that, 20 percentages of customers are after Investing Insurance Plan is satisfied, 57 percentages of customers are after Investing Insurance Plan is averagely satisfied, 23 percentages of customers are feel about Insurance Plan cheating after the Investing in LIC.

5. Findings

50 percentages of respondents are employed, 30percentages of respondents are self employed, 20 percentages of respondents are unemployed.

38 percentage of respondents are receiving 5000-10000 of income, 23 percentage of respondents are receiving10000-15000 of income, 13 percentage of respondents are receiving 15000-20000 and above20000.87 percentages of respondents are the insurance policies are very essential for our life, 13 percentages of respondents are the insurance policies are there is not much important for our life.67 percentage of respondents are buying atleast one policy, 20 percentage of respondents are buying two policies in a LIC,13 of respondents are buying more than two policies.

16 percentage of respondents says that Grievance Redressal Mechanism is fully satisfied,30 percentage of respondents says that Grievance Redressal Mechanism is partially satisfied,54 percentage of respondents says that Grievance Redressal Mechanism is not satisfied. 34percentage of respondents are fully satisfied with services offered by LIC, 54 percentage of respondents are fully satisfied with services offered by LIC, 12 percentage of respondents are not satisfied with services offered by LIC. 20 percentages of customers are after Investing Insurance Plan is satisfied, 57 percentages of Customers are after Investing Insurance Plan is averagely satisfied, 23 percentages of customers are feel about Insurance Plan cheating after the Investing in LIC.

6. Suggestions

Having summarized the findings the following suggestion are offered

As consumer preference the products fluctuate from time to time, a market analysis should be carried out at regular intervals to monitor the changing needs and wants of the consumers.

GST is one of the current issues for the insurance sector .The rural area people were affected in this tax. So the Life Insurance Company's better awareness activities provided to the customers.

7. Conclusion

The study regarding 'Customer Satisfaction level in LIC policy holders with special reference to Thuckalay Branch'. The suggestion given by the researcher will definitely help the organization to maintain better satisfaction among the customers and it help to develop the Industry. However they expect improvement in certain factors such as income, advertisement, health factors, services and sources. The researcher is fully confident that if the suggestion given by the researcher will be implemented in the organization. It will reduce the rate of dissatisfaction level of customers to the great extent definitely.

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