

Consumer Satisfaction with Special Reference to LIC of India in Varanasi

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ABSTRACT

In a competitive market place where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy. The present research paper tries to examine the level of consumer's satisfaction towards Life Insurance Corporation of India. The paper has been divided into eight sections: the first section outlays the literature review. The second section deals with the objectives of the research paper. The third section deals with the hypotheses statements that are formulated to achieve the objectives. The fourth section explains the detailed Research Methodology adopted to carry out the study. The study is descriptive in nature and the researcher has used various statistical tools for the analysis of primary data using SPSS package v/s20.0. The fifth section deals with the analysis of primary data collected from the Varanasi district of Uttar Pradesh, which examine the demographic profile of LIC policyholder, identifies the level of consumers' satisfaction towards LIC of India in Varanasi district and identifies the relationship between the level of consumer's satisfaction and their economic condition. The sixth section presents the findings of the research paper attempted for the study. The seventh section deals with the suggestions and concluding remarks and would enlighten us to understand the reality of the initiatives. The final section deals with the limitation of the study.

Keywords: *Consumer Satisfaction, LIC of India, Insurance policy, Insurance Plan, e.t.c.*

INTRODUCTION

In a competitive market place where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy. Customers' satisfaction is an ambiguous and abstract concept and the actual manifestation of the state of satisfaction will vary from person to person and product/service to product/service. The state of satisfaction depends on a number of both psychological and physical variables which correlate with satisfaction behaviors such as return and recommend

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rate. The level of satisfaction can also vary depending on other options the customer may have and other products against which the customer can compare the organization's products.

The argument for customer retention is relatively straightforward. It is more economical to keep customers than to acquire new ones. The costs of acquiring customers to “replace” those who have been lost are high. This is because the expense of acquiring customers is incurred only in the beginning stages of the commercial relationship. In addition, longer-term customers buy more and, if satisfied, may generate positive word-of-mouth promotion for the company. Additionally, and are less sensitive to price changes. These findings highlight the opportunity for management to acquire referral business, as it is often of superior quality and inexpensive to obtain. Thus, it is believed that reducing customer defections by as little as five percent can double the profits

LITERATURE REVIEW

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.

Jagannath and Santhosh Singh Bais (2006) analysed that customer satisfaction is of paramount importance to all the insurance companies in general and life insurance companies in particular. The authors have identified and discussed the issues and challenges such as the regulatory framework, simplification and rationalization of insurance laws. They concluded that the success would depend on the LIC of India’s ability to understand the customer needs and offer the services at the lowest prices with best quality.

The American Customer Satisfaction Index (ACSI) uses two primary criteria such as customization, the degree to which service fulfills the customer’s key requirements and the reliability, how requirements are delivered. Data derived from the interviews with the customers were used as inputs to the

ACSI’s econometric model, which combines numerous proxy measures to arrive at an index number on a 0 to 100 scale. They explained that, determination of quality is a complex and subjective calculus which involve the simultaneous processing of many factors inside the mind of the consumer but can be quantified. The proven ACSI finding was that the stock of

companies with higher customer satisfaction scores outperforms the stock of companies in the same industry, with lower customer satisfaction scores.

Prof. Amita Fatterpekar (2007), in her article explained the three behavioral measures of loyalty as, customer's recent purchase, frequency of customer's purchases of different plan over a specified time interval and customer's lifetime volume of purchases. Three attitudinal measures of loyalty measure are likelihood of continuing to do business, of repurchasing, willingness to recommend or serve as a reference. Unlike data-mining of RFM (Recency, Frequency, Monetary value), this analysis was based on a complex nonlinear mathematical model of a company's customers.

J. Dhaene Leuven and M.J. Goovaerts (2004) explained several types of dependencies between the different risks of a life insurance portfolio. Each policy was assumed to have a positive face amount during a certain reference period.

OBJECTIVES OF STUDY-

1. To identify the level of consumers satisfaction towards LIC of India in Varanasi district.
2. To study the relationship between the levels of consumers satisfaction and their economic condition.

HYPOTHESIS FORMULATION

In order to achieve the above mention objectives, following hypothesis were formulated-

H1: There is no significant association between age of the respondents and the level of consumer's satisfaction towards LIC of India.

H2: There is no significant association between income of the respondents and the level of consumer's satisfaction towards LIC of India.

H3: There is no significant association between occupation of the respondents and the level of consumer's satisfaction towards LIC of India.

METHODOLOGY

- **Research design:** Descriptive and research design
- **Sampling design:** Convenience sampling was used.

- **Coverage:** The study is conducted in Varanasi district of eastern U.P. Customers of Life Insurance Corporation of India those already purchased the various Products(Policy) of Life Insurance Corporation of India were considered as universe for the study.
- **Reliability of data-** The reliability of scale items was found to be 0.912 (it's very good).

Reliability Statistics	
Cronbach's Alpha	N of Items
.912	4

- **Sample Size:** 120 consumers of Life Insurance Corporation of India were selected for collecting primary data.

After preliminary examination, 100 consumers of LIC out of 110 consumers were found completed and valid. Thus 100 consumers were selected for collecting primary data

- **Data analysis Tools**

A pre-structured and pre-tested interview schedule was used for data collection, keeping the objectives of the study in the mind. The various statistical tools are used depending upon the data and requirement for the analysis like Percentage, Mean, Standard Deviation, and Chi - square test.

In order to identify the level of consumer's satisfaction total score of all 4 independent variables were split into two groups – High and Low with reference to median of the variable score in question. The relationship is identified on the basis of these computed levels of consumer satisfaction.

- **Data Analysis**

Obtained responses were coded, tabulated and then percentages were drawn and content analysis was done and data was converted into coded form and transferred on to computer software (Excel). The analysis had been done with SPSS 20.0 v/s. The chi-square test (cross tabulation) has been used to test the significance of association between the different variables of the study.

RESULT AND DISCUSSION

1. Demographic profile of respondents

Sr. No	Characteristics	Categories	Frequency
1	Age of Respondents (In Years)	25-35	12
		36-45	44

		46-60	40
		Above 60	4
		Total	100
2	Gender	Male	76
		Female	24
		Total	100
		Total	80
3	Occupational Status of Husband	Employed	22
		Business	19
		Self employed	41
		Household	18
		Total	100
4	Income of respondents (Monthly in rupees))	<10000	39
		10001-25000	26
		25001-50000	28
		50001-1 Lakh	7
		Total	100

Source: Primary Data; Table 1: Demographic profile of Sample women

As per table -1, this data reveals that 44% of LIC policyholders falls between the age group of 36 – 45 years, 40% and 12% belongs to 46-60 years and 25-35 years of age group respectively, and rest 4% comes under above 60 years of age. 76% of respondents are males and 24% of them are females. 39% respondents says that their monthly income was less than `10000, 26% & 28% of them says it lies between `10001-`25000 and `25001-`50000 respectively and 7% says it is ranges between `50001-`1 lakh.

2.	LIC Plan	Insurance Plan	49%
		Pension Plan	24%
		Unit linked Insurance Plan	13%
		Term Assurance Plan	5%
		Whole Life Plan	9%
		Total	100%

Source: Primary Data; Table 2

As per table 2 - 49% of LIC policyholders have made their investments in insurance plan, 24% in pension plan, 13% in ULIP plan, 9% in whole life plan and rest 5% in term assurance plan.

3.	Insurance policy	Money back	32%
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		Children Policy	22%
		BimaKiran	8%
		Money Plus	7%
		Jeevananand	7%
		Jeevansathi	4%
		JeevanSaral	2%
		KomalJeevan	3%
		JeevanChhaya	7%
		Endowment Plus	2%
		Market Plus	3%
		Pension Plus	3%
		Total	100%

Source: Primary Data, Table 3

As per table 3 - 32% of policyholders have money back insurance policy and 22% had made investment for their kids in children policy.8% in bimakiran and money plus, jeevananand and jeevanchhaya equally distributed with 7% each.

4	Premium Type	Monthly	12%
		Quarterly	23%
		Half Yearly	43%
		Yearly	22%
		Total	100%

Source: Primary Data, Table 4

As per table 4 - 43% of respondents prefer half yearly payment, 23% respondents prefer quarterly premium payment and 22% respondents prefer yearly premium payment.

5	Premium Payment Mode Option	On Line	21%
		Physically	28%
		Through agents	51%
		Total	100%

Source: Primary Data, Table 5

As per table 5 - 51% of respondents prefer to make their premium payment through agents, 28% of them prefers physically mode option and rest 21% prefer online payment.

6	Parameters Inspired for Investment in Life	Trust	45%
		Good Return and Dividends	13%

	Insurance Corporation of India	Higher return at the end of Maturity	14%
		Good service from Agents	28%
		Total	100%

Source: Primary Data; Table 6

As per table 6 - 45% of respondents are inspired to invest in Life Insurance Corporation of India due to the trust on Life Insurance Corporation of India and 28% of them choose just because of good service delivery by agents.

7	The Objective of Respondents while Purchasing Insurance Policy	Future Investment	32%
		To cover Risk	48%
		Long Term Benefits	20%
		Total	100%

Source: Primary Data; Table 7

As per table 7 - 48% and 32% of respondent's objective for purchasing the insurance policy was to cover risk and Future Investment respectively.

8	Familiarity of Respondents with reference to Products of Life Insurance Corporation	Strongly Disagree	9%
		Disagree	13%
		Moderately Agree	7%
		Agree	34%
		Strongly Agree	37%
		Total	100%

Source: Primary Data; Table 8

As per table 8 - The 78% of consumers of the Life Insurance Corporation of India were familiar with the Products and Services of Life Insurance Corporation of India.

- 37% of respondents are strongly agree
- 34% of respondents are agreeing.
- 07% of respondents are moderately agreed.
- 13% of respondents are disagreeing.
- 09% of respondents are strongly disagree

9	Thinking of Respondents with reference to necessity of Life Insurance	Strongly Disagree	4%
		Disagree	7%
		Moderately Agree	13%
		Agree	24%
		Strongly Agree	52%

		Total	100%
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Source: Primary Data; Table 9

As per table 9 - The 89% of consumers of the Life Insurance Corporation of India were agreed with the statement that insurance is essential for life.

- 52% of respondents are strongly agree
- 24% of respondents are agreeing.
- 13% of respondents are moderately agreed.
- 7% of respondents are disagreeing.
- 4% of respondents are strongly disagree

10	Satisfaction of Respondents with reference to existing Insurance Policy	Very Dissatisfied	7%
		Dissatisfied	23%
		Moderately Satisfied	12%
		Satisfied	27%
		Highly Satisfied	31%
		Total	100%

Source: Primary Data; Table 10

As per table 10 - The 70% of consumers of the Life Insurance Corporation of India were satisfied with reference to existing Insurance Policy

- 31% of respondents are highly satisfied
- 27% of respondents are satisfied
- 12% of respondents are moderately satisfied
- 23% of respondents are dissatisfied
- 7% of respondents are very dissatisfied

11	Satisfaction of Respondents with reference to service delivery	Highly Dissatisfied	17%
		Dissatisfied	14%
		Moderately Satisfied	10%
		Satisfied	29%
		Highly Satisfied	30%
		Total	100%

Source: Primary Data; Table 11

As per table 11 - The 69% of consumers of the Life Insurance Corporation of India were satisfied with reference to service delivery

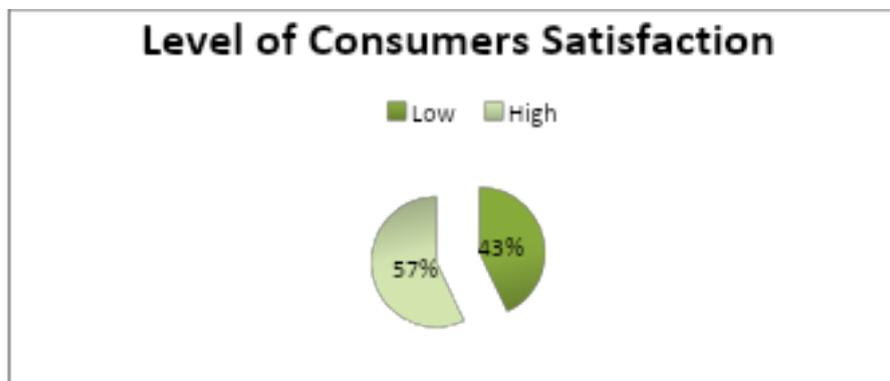
- 30% of respondents are highly satisfied

- 29% of respondents are satisfied
- 10% of respondents are moderately satisfied
- 14% of respondents are dissatisfied
- 17% of respondents are very dissatisfied

Objective 1 -To identify the level of consumers’ satisfaction towards LIC of India in Varanasi district

12	Level of satisfaction	Low	43%
		High	57%
		Total	100%

Source: Primary Data; Table 12 through compilation



Source: Primary Data; Graph1

Above Graph 1 shows that, 57% of respondents are highly satisfied and 43% of respondents are less satisfied with the products and service delivery of LIC of India.

Objective 2 - To study the relationship between the levels of consumers’ satisfaction with their economic condition

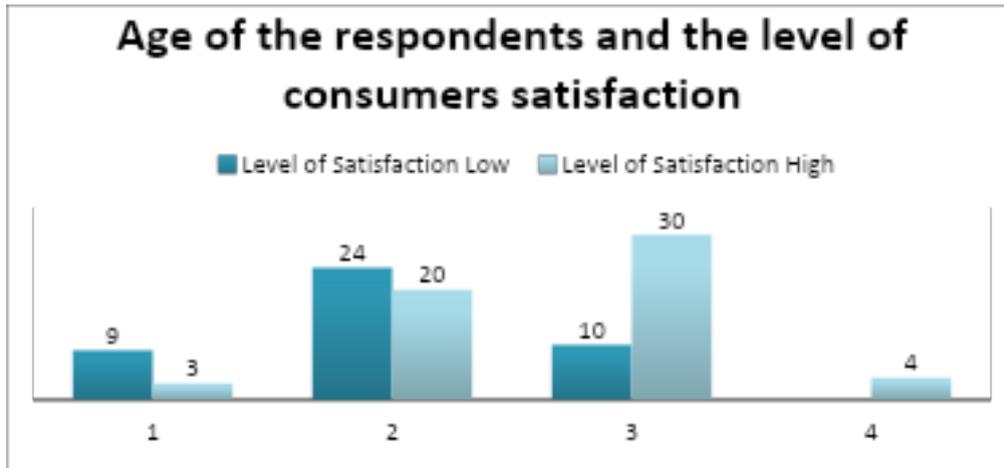
Hypothesis Testing

H1: There is no significant association between age of the respondents and the level of consumer’s satisfaction towards LIC of India.

		Level of Satisfaction		Total	Value	df	Asymp. Sig. (2-sided)	Statistical Inference
		Low	High					Accept/Reject (H1)
Age	25-35	9	3	12	15.712 ^a	3	.001	P- Value < χ^2 Value H1 is rejected
	36-45	24	20	44				
	46-60	10	30	40				

	Above 60	0	4	4				
	Total	43	57	100				

Table 13: Age of the respondents and the level of consumer’s satisfaction towards LIC of India



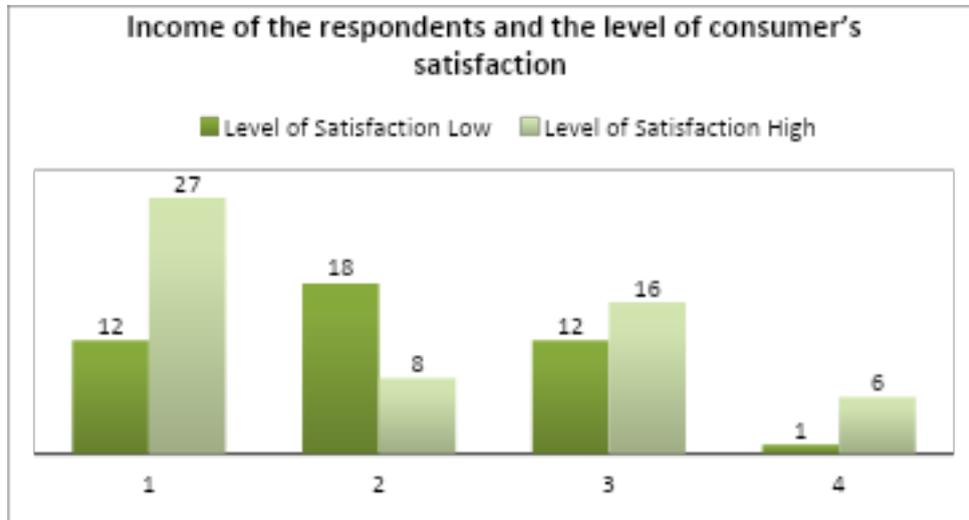
Source: Primary Data; Graph2

It is seen from graph 2 that the association between age of the respondents and the level of consumer’s satisfaction fall under the high level of consumers’ satisfaction (57)with the LIC of India. Further, majority of sample members were in the age group of below 36-45 and 46 – 60.

H2- There is no significant association between income of the respondents and the level of consumer’s satisfaction towards LIC of India.

		Level of Satisfaction		Total	Value	df	Asymp. Sig. (2-sided)	Statistical Inference
		Low	High					Accept/Reject (H2)
Monthly Income of respondents	<10000	12	27	39	12.034 _a	3	.007	P- Value < χ^2 Value H2 is rejected
	10001-25000	18	8	26				
	25001-50000	12	16	28				
	50001-1 Lakh	1	6	7				
Total		43	57	100				

Table 14: Income of the respondents and the level of consumer's satisfaction towards LIC of India



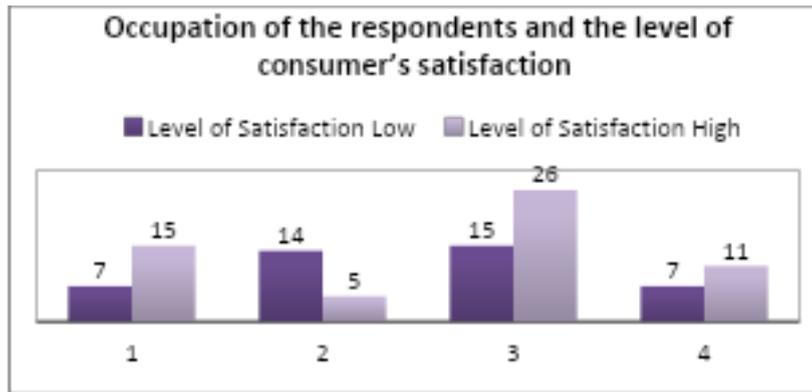
Source: Primary Data; Graph3

It is evident from Graph 3 that more sample members were in the high level of consumer satisfaction(57) Maximum number of members fall under the monthly income category of <10000` and `25001-r`50000.

H3: There is no significant association between occupation of the respondents and the level of consumer's satisfaction towards LIC of India.

		Level of Satisfaction		Total	Value	df	Asymp . Sig. (2-sided)	Statistical Inference
		Low	High					Accept/Reject (H3)
Occupational Status of Respondents	Employed	7	15	22	9.233 ^a	3	.026	P- Value χ^2 Value H3 is rejected
	Business	14	5	19				
	Self employed	15	26	41				
	Household	7	11	18				
Total		43	57	100				

Table 15: Occupation of the respondents and the level of consumer's satisfaction towards LIC of India



Source: Primary Data; Graph4

It is clear from Graph 4 that more than 55 percent of members were in high level of consumers' satisfaction towards LIC of India, and shows the high relationship between occupational pattern and overall level of consumers' satisfaction. Among the high level, 26 policyholders belongs to self employed category and 15 respondents belong to employed category.

FINDINGS

1. 49% of LIC policyholders have made their investments in insurance plan, 24% in pension plan, 13% in ULIP plan, 9% in whole life plan and rest 5% in term assurance plan.
2. 32% of policyholders have money back insurance policy and 22% had made investment for their kids in children policy. 8% in bimakiran and money plus, jeevananand and jeevanchhaya equally distributed with 7% each.
3. 43% of respondents prefer half yearly payment, 23% respondents prefer quarterly premium payment and 22% respondents prefer yearly premium payment.
4. 51% of respondents prefer to make their premium payment through agents, 28% of them prefers physically mode option and rest 21% prefer online payment.
5. 45% of respondents are inspired to invest in Life Insurance Corporation of India due to the trust on Life Insurance Corporation of India and 28% of them choose just because of good service delivery by agents.
6. 48% and 32% of respondent's objective for purchasing the insurance policy was to cover risk and Future Investment respectively.
7. The 78% of consumers of the Life Insurance Corporation of India were familiar with the Products and Services of Life Insurance Corporation of India.

8. The 89% of consumers of the Life Insurance Corporation of India were agreed with the statement that insurance is essential for life.
9. The 70% of consumers of the Life Insurance Corporation of India were satisfied with reference to existing Insurance Policy.
10. The 69% of consumers of the Life Insurance Corporation of India were satisfied with reference to service delivery.
11. 57% of respondents are highly satisfied and 43% of respondents are less satisfied with the products and service delivery of LIC of India.
12. Majority of highly satisfied consumers or sample members with the products of LIC of India were in the age group of below 36-45 and 46 – 60.
13. Highly satisfied consumers fall under the monthly income category of <10000` and `25001-r`50000.
14. Among the high level, 26 policyholders belongs to self employed category and 15 respondents belong to employed category.

RESULTS OF TEST OF HYPOTHESES:

1. Finding-
In Table : 13 calculated P- Value is less than α (0.05) i.e. P- value < 0.05
We Reject the H₁
Therefore, There is significant association between age of the respondents and the level of consumer's satisfaction towards LIC of India.

2. Finding-
In Table : 14 calculated P- Value is less than α (0.05) i.e. P- value < 0.05
We Reject the H₁
Therefore, There is significant association between income of the respondents and the level of consumer's satisfaction towards LIC of India..

3. Finding-

In Table : 15 calculated P- Value is less than α (0.05) i.e. P- value < 0.05
We Reject the H₃
Therefore, There is significant association between occupation of the respondents and the level of consumer's satisfaction towards LIC of India

CONCLUSIONS

The study reveals that the consumers have greater awareness towards the LIC insurance plan and they are more aware about the Money back policies and Children policies in the study area. LIC has to create awareness among female policy holders about the Women policies. In the era of technology driven country, Online payment are gaining less importance as a mode of premium payments. The agents help in marketing LIC policies by spreading the message of life insurance among the masses and the respondents depend on the agents for their insurance needs. Majority of the policy holders are satisfied with the LIC's services. As women constitute half of the total population of the world. Similarly, in India also, women constitute 50% of the total population. The progress of the nation not only depends on men performance and but also depends on female and in the present study female have not understood clearly about the insurance and its utility. So it is suggested that the life insurance company should conduct insurance awareness campaign with the help of advertisements and social groups and should target the rest 50% of the nation population by covering women consumers also into their industry.

RECOMMENDATIONS/SUGGESTIONS TO LIC OF INDIA-

1. The saving and Investment awareness was very less in the young age i.e. 25 to 35 years mainly in income group of Rs.10000 to 25000 and female. So Life Insurance Corporation of India should design and launch products suitable to these groups and increase the awareness as well as Investment.
2. The response to the other Plans of Life Insurance Corporation of India was low as compared with Insurance Plan. It is necessary to promote the Whole Life Plan, Pension Plan and Unit Linked Insurance Plan.
3. Most of the respondents still paying their Premium through Agents. But with new technology Online Premium Payment is more easy and faithful than Agents, so Life Insurance Corporation of India should give the knowledge and trust about this payment mode.

4. Most of the customer's objective behind purchasing Insurance Policies of Life Insurance Corporation of India was To Cover Risk. So Life Insurance Corporation of India tries to change that objective and attitude of customers toward Insurance Policies as a Future Investment & Long Term Benefit.
5. Most of the customers of Life Insurance Corporation of India expect better service and good benefits on their Investment. So Life Insurance Corporation of India should try to give good service and benefit to the customers in long term.

LIMITATIONS

- The study is only confined to Varanasi districts belonging to consumers of LIC of India specially and hence cannot be generalized for others.
- Unwillingness of respondents
- Time and budget constraint
- The above analyzed data is not sufficient to study about the Customer Satisfaction with reference to insurance industry in Varanasi districts.

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