

# Policyholder's Satisfaction of Private Life Insurance Companies With Reference To Tirupur District, Tamilnadu

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## ABSTRACT

The Insurance industry forms an integral part of the Indian financial market, with insurance companies being significant institutional investors. In recent decades, the insurance sectors, like other financial services, have grown in economic importance. The insurance sector, along with other elements of marketing, as well as financial infrastructure, have been touched and influenced by the process of liberalization and globalization in India, every company is trying to implement new creations and innovative product characteristics to attract the entry of private players, the competition is becoming intense. Today numerous public and private insurance companies are providing Life Insurance Services to a large number of clientele and there has been mushroom growth in their numbers and size in India. There is a transition from "sellers market" to "buyers market". The efficiency of insurance sector depends upon how best it can deliver services to its target customers and how far expectations of customers are met. The major objectives of this research are to ascertain the socio-economic profile of sample respondents and identify the determinants of satisfaction of policyholders in private life insurance companies. Methodology of this study is based on the analysis of the data collected from three hundred individual policy holders by using interview schedule method. The interview schedule was kept respondent friendly to make a quality of questionnaire. Interview schedule was the main tool used to collect the pertinent data from the selected sample respondents. Primary data has been collected for this present study. The primary data was collected from three hundred sample respondents from Tirupur district, by adopting simple random sampling method. Through the analysis of the study, it is identified that Marital Status and Number of Policies are found to be associated with policy holder's satisfaction. To conclude this study, is an attempt to measure the various parameters as perspective by the policy holders and to help the insurance company in serving its policy holders in a much better and efficient manner.

**KEY WORDS:** life Insurance, Policyholder's Satisfaction, mobilization of funds.

## I. INTRODUCTION

This section includes introduction to the financial service industry and also establish the need of customer satisfaction in financial services in life insurance service in particular. Companies involved in the insurance industry offer a wide variety of products and supplementary services that consumers in need of insurance coverage could readily infer as being "insurance" related. The financial service industry has not been immune from, or ignored, the quality revolution. Insurance in India has been spurred by product innovation, streamlining of sales and distribution channels along with targeted advertising and marketing campaigns. With increased globalization and presence of a large number of players in the market place, the very definition of customer relationship and satisfaction is in danger of being proved incomplete. Firms use technology as a key tool to enhance the information flow within their various business units, helping their employees better understand the ever changing and increasing needs and wants of their customers. From a company value perspective, fulfilling customer needs are a key source of income to an organization and achieving complete customer satisfaction is the only key for the company to succeed.

## **II. REVIEW OF LITERATURE**

1. Nageswara Rao and Madhavi (2007) in their study "An overview of the Private Insurance Company" divulge that appropriate communication, extended customer service, human approaches, immediate attention to the customers requests and availability of products with less formalities will highly influence the satisfaction level of the customers.

2. Shohit and Sanjay Shukla (2004) analyzed the failure of private insurance players in rural areas. Their study revealed that there are major differences in the objectives and expectations among rural and urban policy holders. They found that in rural area private players have still not achieved much success and have failed to catch the pulse of rural India as compared to public sector players. In urban area consumers belonging to middle income group prefer policies of public sector players and only high income group preferred private sector players. The study also revealed the urban area, services provided at doorstep and efficient customer's services were the two major reasons which helped market penetration by private players.

## **III. STATEMENT OF THE PROBLEM**

Privatization of Insurance eliminated the monopolistic business of Life Insurance Corporation of India. It helps to introduce new range of products which covered wide range of risks. It resulted in better customer services and help improve the variety and price of insurance products. The entry of new player has speed up the spread of life insurance and new generation tech-savvy insurance companies and the expansion of operations of foreign insurance companies, the concept of customer satisfaction has emerged as a principal competitive weapon in insurance also. In fact, customer's expectations rise with the use of latest technology, like on-line services or e- services of insurance company, inspiring them to explore the alternatives available to them. It will increase the insurance penetration and measure of density. Entry of private players will ensure the mobilization of funds that can be utilized for the purpose of infrastructure development. The participation of commercial banks into insurance business helped to mobilization of funds from the rural areas because of the availability of vast branches of the banks. Most important not the least tremendous employment opportunities were created in the field of insurance which is a burning problem of the presence day today issues. There is low penetration in the market and there is great opportunity of more players to participate in this field to increase the life insurance market. The success of the insurance firm will be determined by how effective it has been in meeting the diverse consumer needs and wants by treating each customer as unique and offering products and services to suit his or her needs. Therefore, today, all the firms are engaged in a process of creating a lifetime value and relationship with their customers, a step towards developing knowledge regarding its customer's needs is the most important aspect.

## **OBJECTIVES OF THE STUDY**

1. To ascertain the socio-economic profile of sample respondents.
2. To identify the determinants of satisfaction of private life insurance company policyholders

## **IV. METHODOLOGY**

The validity of any research is based on the systemic method of data collection and analysis. Both primary and secondary data are used for the present study. The primary data was collected from three hundred sample respondents from Tirupur District. Study is conducted for one year i.e. from January 2012 to December 2012. The research conducted shall be of Descriptive and Analytical in nature. The key statistical techniques adopted for the analysis of data are simple percentage and Chi-square test was employed appropriately. Sample respondents are located in Tirupur District.

## **LIMITATIONS OF THE STUDY**

Time is the major constraint in collecting the data from the respondents. The market survey was conducted only in Tirupur District of Tamil Nadu. Hence, utmost care is to be taken while generalizing the result.

## ANALYSIS AND INTERPRETATION

Table 1

## Demographic Profile of the Respondents

S.No	Factor	Demographics	No of Respondents	percentage
1.	Gender	Male	150	50.00
		Female	150	50.00
2.	Age (in years)	Up to 20	4	1.30
		21 to 40	169	56.30
		Above 40	127	42.30
3.	Educationl Qualification	Illiterate	16	5.30
		SSLC	47	15.70
		Hsc	35	11.70
		Under graduate	79	26.30
		Post graduate	90	30.00
		Professional	33	11.00
4.	Marital status	Married	207	69.00
		Unmarried	93	31.00
5.	Area of Residence	Urban	107	35.70
		Semi-urban	111	37.00
		Rural	82	27.30
6.	Occupation	Daily wage Earners	24	8.00
		Agriculturist	36	12.00
		Employee	112	37.30
		Business	41	13.70
		Professional	24	8.00
		Student	29	9.70
		Housewife	29	11.30
		Housewife	34	11.30
7.	Family income	Up to Rs 15000	13	4.30
		Rs 15000 to Rs 30000	129	43.00
		Above Rs 30000	158	52.70
8.	Status in the Family	Head	96	32.00
		Member	204	68.00
9.	Type of Family	Joint	159	53.00
		Nuclear	141	47.00
10.	No of Family Members	Up to three	128	42.70
		Four and above	172	57.30

**Source:** Primary Data

The profile of the respondents is shown in the above table. The profile focus on the demographics of respondents. It shows that out of 300 respondents, 50% of the respondents are male and 50% are females. Most of the respondents are married (69%) and in the age group 21-40 year (56.30%). This range shows that married group always feels the importance of insurance policy to complement with their life and families. The highest education level attained by most of the respondents was master degree level (30%), followed by degree level (26.30 %). It shows that majority of respondents were educated with high qualifications. The occupations of respondents were varied. The majority of the respondents are employee (37.30 %). followed by businessman (13.70 %). and Agriculturist are (12. %), Daily wage Earners and Professionals (8%). In term of household income, almost half of the respondents earned more than Rs.30, 000 (per month). Majority of the respondents belong to member`s category.53% of the respondents belong to joint family. Most of the policy holders have more than three family members.

**RESEARCH HYPOTHESES**

1. **H1** There is no significant relationship between Age and level of satisfaction.
2. **H2** There is no significant relationship between Educational Qualification and Level of Satisfaction.
3. **H3** There is no significant relationship between Marital Status and Level of Satisfaction.
4. **H4** There is no significant relationship between Occupation and level of satisfaction.
5. **H5** There is no significant relationship between Monthly Income and level of satisfaction.
6. **H6** There is no significant relationship between Number of policies and level of satisfaction

**DETERMINANTS OF POLICY HOLDER'S SATISFACTION**

**Table-2**

S.NO	FACTOR	C.V	T.V	D.F	Level of significant	Significant/ not significant
1	Age	4.767	9.488	4	5	Rejected
2	Educational qualification	13.937	18.307	10	5	Rejected
3	Marital status	27.623	5.991	2	5	Accepted
4	Occupation	15.669	21.026	12	5	Rejected
5	Monthly income	2.334	9.488	4	5	Rejected
6	Number of policies	11.057	9.488	4	5	Accepted

Source: Primary Data

**V. RESULT**

Chi- square test reveals that the calculated value of chi- square 4.767 is less than the table value at 5% level ( $x^2=4.767 < 9.488$ ) so the null hypothesis is accepted. There is no significant relationship between age and level of satisfaction.

Chi- square test reveals that the calculated value of chi- square 13.937 is less than the table value at 5% level ( $x^2=13.937 < 18.307$ ) so the null hypothesis is accepted. There is no significant relationship between Educational Qualification and Level of Satisfaction.

Chi- square test reveals that the calculated value of chi- square 27.623 is greater than the table value at 5% level ( $x^2=27.623 > 5.991$ ) so the null hypothesis is rejected. There is significant relationship between Marital Status and Level of Satisfaction.

Chi- square test reveals that the calculated value of chi- square 15.669 is less than the table value at 5% level ( $x^2=15.669 < 21.026$ ) so the null hypothesis is accepted. There is no significant relationship between Occupation and Level of Satisfaction.

Chi- square test reveals that the calculated value of chi- square 2.334 is less than the table value at 5% level ( $x^2=2.334 < 9.488$ ) so the null hypothesis is accepted. There is no significant relationship between Monthly Income and Level of Satisfaction.

Chi- square test reveals that the calculated value of chi- square 11.057 is greater than the table value at 5% level ( $x^2=11.057 > 9.488$ ) so the null hypothesis is rejected. There is significant relationship between Number of Policies and Level of Satisfaction.

**FINDINGS OF THE STUDY**

1. The satisfaction about life insurance among the respondents is above 40 years is maximum. This shows middle aged people show more interested for taking life insurance than youngsters.
2. According to our study, illiterates are more interested for taking life insurance policies compare to literates.
3. As per our study, 69 % of the respondents are married. This shows married people are more interested in life insurance. From this it is identified that the chi-square indicates that Marital Status is found to be associated with policy holder's satisfaction.
4. The daily wages earners have high level of satisfaction compare to salaried people. And house wives also have low level of satisfaction. There is no significant relationship between Occupation and Level of Satisfaction.
5. 15 % respondents are familiar with the products of life insurance and think insurance is essential for life, but those are in service with monthly income is below Rs 7500 mostly purchased the various life insurance policies.
6. Policyholder who holds two policies have high level of satisfaction and Policyholder who holds one policy has low level of satisfaction. There exists significant relationship between number of policies and satisfaction.

### **SUGGESTIONS AND RECOMMENDATIONS**

1. The unmarried are not interested because of their ignorance and lack of satisfaction. In fact, private life insurance companies have to educate the unmarried about the benefits of taking insurance policies; by and large flexibly private life insurance should change the policies according to their taste, and motivate them effectively.
2. Regarding private life insurance policies despite the fact that already insurance companies introduced policies in the field, those who have only one policy in hand not yet been reached up to the mark. This is the very important thing that should be remembered every now and then to boost up the customer satisfaction in all calibers.
3. The policyholders with monthly income below Rs 7500 are not satisfied because their financial position is very low, life insurance companies have to introduce the low premium amount policies for these middle class populations, and then they can pay the premium amount in time.
4. Life insurance should spread its wings in rural areas; it will enable the rural policy holders to avail insurance at their door step.
5. Life insurance have to introduce special policy for unmarried private insurers will definitely offer benefits to the unmarried policyholders and the society as a whole in terms of cheaper, flexible, innovative and customized products with variety of features.
6. The insurance companies should show genuine concern for the consumers, if they are really serious for their business failing which they will loose the confidence of people.

### **VI. CONCLUSION**

The study observed that, most of the customers are satisfied with the services offered by private Life Insurance Companies. The satisfaction is a strong predictor of the private life insurance, and hence it is recommended that insurance service providers should endeavour to satisfy and delight their customer's satisfaction. When customers are satisfied, they are more likely to recommend the insurance service to their peers, less likely to switch on and more likely to re-patronize services. The company should try to keep their promise to do the work timely, should show sincere interest in customers' problem, and should provide prompt service to satisfy the customer fully. In this competition era private Life insurance Companies have to concentrate on the customers' satisfaction to retain the existing customers and at the same time they have to improve the quality of services day by day to attract new customers. Thus the success of the insurance firm will be determined by the way in which effectively it would have been done to meet the diverse consumer needs and wants by treating each customer as unique and offering products and services to suit their needs. Therefore, today all the firms are engaged in the process of creating a lifetime value and relationship with their customers, a stepping stone towards developing knowledge regarding its customers' needs are the most important aspect.

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