

# A STUDY ON PROBLEMS FACED BY CUSTOMER OF LIC AND IMPACT AMONG ATTRIBUTES OF LIC'S CUSTOMER SERVICE IN THANJAVUR DIVISION

## Authors

**B. Sathishkumar, Part-Time Ph.D Scholar in Commerce &**

**Dr. S. Suresh, Assistant Professor and Research Advisor in Commerce, A. Veeriya Vandayar Memorial Sri Pushpam College (Autonomous), (Affiliated to Bharathidasan University)  
Poondi - 613 503, Thanjavur District, TamilNadu, India.**

## Abstract

Customer service may refer to the practice of providing people with a constructive, helpful experience before, during or after purchasing something. It can also apply to a branch within an organization that works on these procedures. Ideally, any worker is in a position to offer assistance and no customer suffers discrimination. Products are relatively subjective, created and consumed around the same time and therefore sometimes less simultaneously produced and consumed and often less organized than products. This particular feature of facilities poses real and strategic challenges. Marketing opportunities for service marketers. True competition between service marketers was developed following the globalization of the Indian economy. The service-marketing agency must be properly run and its advertisers must imbibe the values of integrity in order to fulfill the standards of the consumers. There are many studies available customer satisfaction no doubt all the studies have stimulated and encouraged to check and design for the studies, which encompassed a wider field, then any by the studies referred to this topic customer service is a new attempt which is not made so for in customer service of Life Insurance Corporation of India. Hence, an attempt is made by the researcher to study customer service of Life Insurance Corporation of India. The research made on attempt to study adopted by customer service of Life Insurance Corporation of India in Thanjavur division. A new approach was developed to address the gaps identified and to provide new dimensions in forthcoming chapters for this research.

## Introduction

After independence, insurance sector expanded faster as rivalry between Indian firms increased. The decision to nationalize life insurance company was made in 1956 when 245 Indian and international insurance companies were first combined and later nationalized. It paved the way for life insurance to be developed, to be raised; much-needed funds for rapid industrialization and self-reliance in heavy industries. General insurance followed suit and, in 1968, the Insurance Act was amended to provide for social regulation of the general insurance sector. Subsequently, in 1973, the non-life insurance sector was nationalized and the General Insurance Business (Nationalization) Act was passed in 1972.

LIC had 5 zonal offices, 33 divisional offices and 212 branch offices, apart from its corporate office in the year 1956. Since life insurance contracts are long term contracts and during the currency of the policy it requires a variety of services need was felt in the later years to expand the operations and place a branch office at each district headquarter. Re- organization of LIC took place and large numbers of new branch offices were opened. As a result of re-organisation servicing functions were transferred to the branches, and branches were made accounting units. It worked wonders with the performance of the corporation. It may be seen that from about 200.00 crores of New Business in 1957 the corporation crossed 1000.00 crores only in the year 1969-70, and it took another 10 years for LIC to cross 2000.00 crore mark of new business. But with re-organisation happening in the early eighties, by 1985-86 LIC had already crossed 7000.00 crore Sum Assured on new policies. Today LIC functions with 2048 fully computerized branch offices, 113 divisional offices, 8 zonal offices, 1381 satellite offices and the corporate office. LIC's Wide Area Network covers 113 divisional offices and connects all the branches through a Metro Area Network. LIC has tied up with

some Banks and Service providers to offer on-line premium collection facility in selected cities. LIC's ECS and ATM premium payment facility is an addition to customer convenience.

## Review of literature

The researcher made a detailed review of available and accessible literature on the mentioned topic from referred Ebsco, Proquest, Elsevier, Google Scholar, Research Gate, Shodhganga, and other online resources. Literature is analyzed carefully and selected few, which seems to be the most appropriate to the current context of the study. The researcher also made personal visits to the libraries of several universities for literature study. A detailed review of the literature surveyed by the researcher is given in the first chapter of the thesis.

## Objectives of the study

- ❖ To analyze the customer service of Life Insurance Corporation of India at Thanjavur Division.
- ❖ To assess the problems faced by customer of LIC and impact among attributes of LIC's customer service in the study area.
- ❖ Finally, to offer valuable suggestions for further development towards the customer service of Life Insurance Corporation of India on the findings of the study.

## Methodology

For this study, the researcher adopted a descriptive research design. The descriptive survey is acceptable during this study because it permits the researcher in the formulation of generalizations. Descriptive research is a type of quantitative research to collect data that is quantifiable and can be used to assess the population sample statistically. It is a popular research instrument that enables us to gather and describe the character of the demographic phase to be collected and described. The interview schedule was prepared and a preliminary test of the interview schedule was performed after a sufficient analysis and examination of the literature review. The survey planned and carried out data collection so that it was possible to communicate with the interviewees face to face. This was accompanied by data entry, coding, and data analysis. Before data analysis, the post-tests were conducted to verify and prevent even minor errors which prevailed.

## Method of data collection

One of the important stages in the research process is data collection. The researcher used both primary and secondary methods of data collection. Primary data for this explicit analysis has been collected through the interview schedule. For this study, the secondary data were collected through various books, journals, articles, published and unpublished records, and internet publications.

## Sampling Technique

A multi stage stratified random sampling technique has been adopted in the present study. There are six stages are used for identify the heterogeneous factor value.

- ❖ As the *first stage*, the researcher identifies, Life Insurance Corporation of India, Thanjavur Division has 09 branch offices including 01 head office.
- ❖ The *second stage*, among the 10 offices of Life Insurance Corporation of India, Thanjavur Division, and then the researcher select one agent from each office based on seniority. The researcher got agents seniority and contact details from the concerned offices.
- ❖ In *third stage*, the researcher got complete list of the policyholders was obtained from them.
- ❖ In the *fourth stage*, the researcher was selected 35 policyholders from each agents list based on the simple random sampling method. Following the above procedure, 350 policyholders have been selected from the entire stratum taken together.
- ❖ In the *fifth stage*, the researcher has approached all 350 policyholders for collecting data, in which the researcher found 17 of the interview schedule were incomplete and even the respondents were not willing to answer the schedule. The researcher has taken a sample of 333, with a confidence level of 95 per cent and a margin of errors of 5 per cent. Thus, the sample size of 333 was finalized.
- ❖ In the *sixth stage*, finally, all raw data are systematically arranged, tabulated and tested using fitness

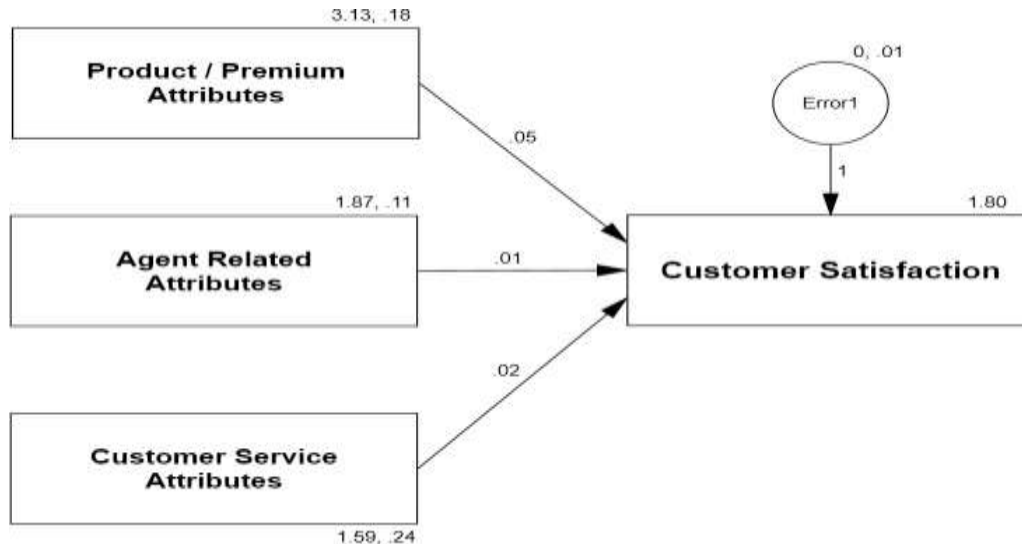
test. Only the fitted data was taken for the purpose of analysis.

### Data Analysis

In this model the GFI value is 0.917. The GFI (Goodness of Fit) should be nearing to one or one indicates that the model is a good fit. This clearly implies that the model is a good fit.

**Figure.1.1.**

**Impact of “Product / Premium Attributes”, “Agent related Attributes” and “Customer Service Attributes” over “Customer Satisfaction”**



**Table.1.1.**

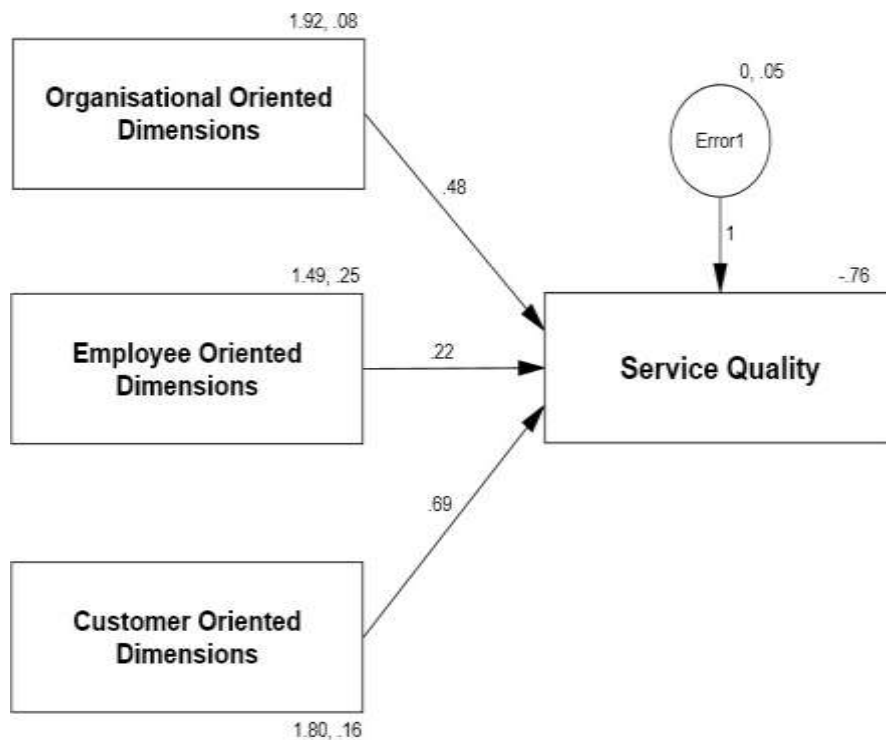
**Regression Weights - Impact of “Product / Premium Attributes”, “Agent related Attributes” and “Customer Service Attributes” over “Customer Satisfaction”**

Variable	Inf.	Variable	UE	SE	S.E.	C.R.	P
Customer Satisfaction	←	Product / Premium Attributes	0.052	0.186	0.015	3.458	***
Customer Satisfaction	←	Customer Service Attributes	0.022	0.088	0.013	1.642	0.101
Customer Satisfaction	←	Agent related Attributes	0.007	0.02	0.02	0.372	0.71
*** Significant at 0.001percentage Level			<i>S.E – Standard Error</i>				
** Significant at 0.05percentage Level			<i>C.R – Critical Ration</i>				
<i>UE – Unstandardised Estimate</i>			<i>P – Probability Value</i>				
<i>SE – Standardised Estimate</i>			<i>Inf. – Influence</i>				

**Positive Influence** - If independent variable “Product / Premium Attributes” rises to one degree up in the positive direction, then it can be seen, 0.052 increase in the dependent variable “Customer Satisfaction”.

**No Influence** - The independent variable “Customer Service Attributes” and “Agent related Attributes” does not influence the dependent variable “Customer Satisfaction”.

**Figure.1.2. Impact of Organisational Oriented Dimensions”, “Employee Oriented Dimensions” and “Customer Oriented Dimensions” over “Service Quality”**



### Suggestions

- ❖ LIC's marketing methods should be enhanced to attract a greater number of female, as their level of satisfaction is lower than that of male.
- ❖ The empirical discussions demonstrate unequivocally that insurers must abandon a great deal of old thought, beliefs, and practices in order to adopt a new method to meet the problems of the increasing things ahead. As a result, it is beneficial for LIC to establish a customer-centric approach in order to ensure their future survival, growth, and development.
- ❖ To attract senior citizens, LIC should strengthen its agent service, as all respondents rate it lower than the other two types of services.
- ❖ While respondents prefer to purchase insurance through agents, they are also looking for new distribution methods. As a result, the demand for multi-channel distribution strategies for LIC goods is increasing.
- ❖ At regular intervals, the Life Insurance Corporation of India shall provide necessary information on the policies.
- ❖ Documentation should be simplified and expedited. Agents must promote the company's items properly and completely. (Agents are frequently out of touch with recent market trends).
- ❖ It is suggested that agents offer insurance only after gaining a thorough grasp of the policy holder's needs and readiness to pay the regular premiums. In this instance, LIC must also strategically plan to monitor their agents' operations and should begin paying agents a marginal commission to urge them to collect premiums on time.
- ❖ To enhance the percentage of loans, the amount of low-interest plans will be increased.

❖ LIC should enhance its ability to provide acceptable services to policyholders via agent, directly, or online.

❖ To increase the number of small policyholders, the LIC could create plans with a higher minimum premium.

❖ The agents should satisfy the policy holder during and after the sale, as the buyer is hesitant to resolve his concerns at the LIC office.

❖ Low-income groups with a little quantity of savings and a lack of awareness about insurance can be reached through adequate insurance education.

❖ Trained workers should be assigned the job of assisting policyholders in resolving their doubts and providing superior service in the areas of claim settlement, premium notification, premium payment, and loan availability.

❖ Additionally, it is suggested that you demonstrate increased promptness in resolving claims and providing services. LIC's development officers, claim settlement officers, and agents should receive increased and greater funding. The claim settlement procedure should be straightforward, intelligible, and quick, and should not need prolonged decision-making.

❖ LIC should explicitly list all hidden charges on the form and also explain them to the agent who has received sufficient training.

❖ Recent information and other pertinent information on policies and products should be communicated on a regular basis.

❖ Customers of Life Insurance Corporation of India anticipate superior service and favourable investment returns. Thus, the Life Insurance Corporation of India should strive to provide superior service and value to its consumers over the long term.

## Conclusion

The research resulted in the development of a reliable and valid instrument for assessing customer perceived service quality, awareness level and satisfaction level of customers for life insurance industry. Here, service quality needs to be measured using a six dimensional hierarchal structure consisting of assurance, competence, personalized financial planning, corporate image, tangibles and technology dimensions. This would help the service managers to efficiently allocate resources, by focusing on important dimensions first. The gap scores show that there is ample room for service quality improvement in life insurance industry in India. In the competitive insurance sector, these findings can be transformed into effective strategies and actions for achieving competitive advantage through customer satisfaction and retention. The 21st century insurer will hardly resemble its ancestor. For a field long known for stability, a combination of technology, economic pressures, consumer demand and deregulation are driving major players to reevaluate their core business practices, alliances and partnerships, and the products and services that they offer. Information technology is both driving and becoming a strategy for navigating the minefield of change. In a nutshell, the Insurance industry is facing competitive challenges on many fronts, including pricing pressure due to rising competition and escalating cost ratios, deregulation, eroding barriers among banking, brokerages and insurance; technology innovations that promise to streamline and reinvent business processes, B2B relationships, and product and service offerings; rising expectations for customer service; and mass customization of products and services. There is no right and wrong in all this. The success of marketing insurance depends on understanding the social and cultural needs of the target population, and matching the market segment with the suitable intermediary segment.

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