Chapter VIII

A Summary of Findings, Suggestions and Conclusion
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8.1 INTRODUCTION

The LIC of India plays an important role in the Life Insurance sector of India. Since economic reforms, the insurance sector is also changing. This change will help both the urban and rural policyholders. Many new players have joined the insurance industry posing a tough competition to the LIC of India. Hence, the LIC of India has designed effective policyholders’ service systems, so as to perform better and to compete with the private players.

Insurance marketing is concerned with the exchange of relationship between the insurance company and its policyholders, where policyholder service and quality are the key linkages of such relationship. Every policyholder has a particular level of expectation regarding products and services that he/she gets from the life insurance company. The life insurance company should ensure that its product and services are able to discharge utility up to the expected level of satisfaction.

This study is conducted to assess the level of awareness of policyholders on products and services provided by the LIC of India and the level of satisfaction of policyholders on the marketing strategies adopted by the LIC of India in the study area. An attempt is also made to study the problems of policyholders towards marketing strategies in the seven branches of the LIC of India in Erode district.

This chapter summarizes the findings of the study and offers suggestions for enhancing the level of awareness of policyholders on products and services provided by the LIC of India and also offer suggestions to improve the level of satisfaction of policyholders towards the marketing strategies of the LIC of India. It also suggests to overcome the problems of policyholders on the individual components of the marketing mix of the LIC of India.
8.2 FINDINGS OF THE STUDY

Profile and Performance of the LIC of India (Chapter II)

It is found that the first year (including single premium) insurance premium has increased at an overall growth rate of 23.52%. But during 2002-03 and 2008-09 the first year premium of the LIC of India has decreased.

It is interesting to observe that for the year 2001-02 and 2006-07, the public sector giant (LIC of India) had recorded growth of 42.79% and 40.85% in the collection of the total premium. However, in the year 2008-09 the LIC of India had recorded a very low growth (5.01%) in collection of the total premium.

It is found that the LIC of India lost its market share from 99.98 in the year 2000-01 to 70.39 in (on total premium collected) the year 2010-11.

The total assets of the LIC of India in 2000-01 were ₹ 196342.26 crore which reached to ₹1317416.10 crore by 2010-11 at an overall growth rate of 21.2%. In the year 2008-09 the annual growth of assets of the LIC of India had recorded a very low growth (8.67%). However, the value of the total assets of the LIC of India has continuously increased from 2000-01 to 2010-11.

The operational performance of the LIC of India in the year 2000-01 reveals that it has increased nearly five times in 2010-11 at an overall growth rate of 18.75%.

The net profit earned by the LIC of India shows an overall growth around 6.58% from 2000-01 to 2010-11. However, the net profit earned by the LIC of India has increased from ₹632.15 crore in the year 2000-01 to ₹1171.80 crore in the year 2010-11.

The value of claims settled has increased from ₹11676.57 crore in 2000-01 [claims intimated 12069.99 crore] to ₹57557.97 crore in 2010-11 [claims intimated ₹58247.37 crore]. It witnessed a good performance of the LIC in settlements of claims during the period 2000-01 to 2010-11.

The Claims outstanding have fluctuated during the period 2000-01 to 2010-11. Increase in settlement of claims and decrease in claims outstanding leads to the business creditability of the LIC of India.
The maturity claims in terms of value has increased continuously from ₹9765.76 crore in 2000-01 to ₹49547.74 crore in 2010-11. In case of death claims in the year 2000-01 was ₹1910.81 crore and it has increased to ₹8010.23 crore during the period 2010-11.

The payment of annuity in the year 2000-01, which was valued at ₹646.08 crore increased to ₹4996.05 crore in the year 2010-11. The surrender value also increased from ₹1707.47 crore in 2000-01 to ₹49792.50 crore by the year 2010-11. However the LIC of India had paid lesser annuities and surrenders in the initial period of liberalization but now, it has been increased in the year 2010-11.

The number of policies issued by the LIC of India increased in 2009-10 but decreased during the years 2007-08. The sum assured fluctuated from year to year. The annual premium for 2010-11 was at an increasing trend. The claim settled in the year 2010-11 was ₹57557.97 crore. In the year 2010-11 commission paid to agents was at an increasing trend because more number of agents joined to market life insurance products. But the compound growth rate was positive in all aspects and it was an indication of good performance of the LIC of India.

It is found that the total number of polices sold in all seven branches of Erode district during financial year 2009-10 is 1,12,237 and during 2011-12 decreased to 97,545 policies. But the total sum assured increased from ₹1160.75 crores (2009-10) to ₹1431.15 crores (2011-12). Regarding the total premium collected by all branches in Erode district shows a huge decline from ₹151.61 crores in 2010-11 to ₹76.49 crores in 2011-12. So it is clear that nearly 50 per cent of the business in terms of total premium in all the seven branches of the LIC of India in Erode district during the financial year 2011-12 declined.

Policyholders’ Awareness about the Products and Services Offered by the LIC of India (Chapter IV)

Policy Preference Details

It is found that, majority of the respondents preferred endowment (25.6 per cent) and money back (17.3 per cent) polices. Regarding the ‘policy period opted’, majority of the respondents opted 17-25 years (52.2 per cent). Considering the ‘mode of premium
payment’, 44.1 per cent respondents selected half yearly payment. Regarding the ‘method of payment’ a large number of respondents (58.6 per cent) preferred individual agents to pay their premium in the LIC of India. Considering the ‘total sum assured’, 41.2 per cent respondents preferred ₹100001 to ₹200000. Regarding the ‘total annual premium’ a large number of respondents (71.4 per cent) preferred up to ₹10000.

To measure the awareness of policyholders on products and services of the LIC of India, Erode District, Rensis Likert’s summated scaling technique was adopted. Sixty nine statements were prepared from a search of literature and discussions with Branch Managers of the LIC of India, Development Officers, Agents and Academic Experts.

It is found that out of the 626 sample policyholders, awareness score of 450 respondents is below the average score, while 176 respondents’ awareness score is above 138. It is clear that the awareness level of more than 25 per cent of the policyholders is above the average score.

**Gender of the Respondents and Awareness**

It is found that the mean awareness score is high among the male respondents with an average score of 134.8. On the other hand, the mean awareness score is low among the female respondents with an average score of 128.92. From the analysis it is inferred that, male respondents have more awareness score than the female respondents.

The Z test result indicates that there is a difference between the mean awareness scores of male and female policyholders.

**Age of the Respondents and Awareness**

It is found that the mean awareness score is high among the 41-60 years age category of respondents with an average score of 136.87. On the other hand, the mean awareness score is very low among the young category of respondents (up to 25 years) with an average score of 122.49. From the analysis it is inferred that, the 41-60 years age respondents have more awareness score than age Up to 25 years, 26-40 years and Above 60 years of the respondents.

The F test result indicates that there are differences between the mean awareness scores of policyholders based on their age.
Marital Status and Awareness

It is found that the mean awareness score is high among the married respondents with an average score of 134.09. On the other hand, the mean awareness score is low among the unmarried respondents with an average score of 126.68. From the analysis it is inferred that, married respondents have more awareness score than the unmarried respondents.

The Z test result indicates that there is a difference between the mean awareness scores of married and unmarried policyholders.

Area and Awareness

It is found that the mean awareness score is high among the urban area respondents with an average score of 134.60. On the other hand, the mean awareness score is very low among the rural respondents with an average score of 131.10. From the analysis it is inferred that, urban living respondents have more awareness score than the semi-urban and rural living respondents.

The F test result indicates that there are differences between the mean awareness scores of policyholders based on their area of living.

Educational Qualification and Awareness

It is found that the mean awareness score is high among the professional level educated respondents with an average score of 139.49. On the other hand, the mean awareness score is very low among the illiterate respondents with an average score of 130.91. From the analysis it is inferred that, professional level educated respondents have more awareness score than the illiterate, school level and college level educated respondents.

The F test result indicates that there are differences between the mean awareness scores of policyholders based on their educational qualification.

Occupation and Awareness

It is found that majority of the respondents (40.4 %) belong to employed category followed by business (21.9%) and profession (20.1%) categories. The mean awareness score is high among employed category respondents (134.81) and the same is low among agriculture category respondents (130.08).
The F test result indicates that there are differences between the mean awareness scores of policyholders based on their occupation.

**Family Annual Income and Awareness**

It is found that the average awareness score is high among the respondents belonging to ‘above ₹5,00,000’ annual family income with an average score of 137.54. On the other hand, the mean awareness score is very low among the respondents belonging to ‘up to ₹1.50,000’ annual family income category with an average score of 130.37.

The F test result indicates that there are no differences between the mean awareness scores of policyholders based on their family annual income.

**Family Type and Awareness**

It is found that the mean awareness score is high among the joint family (134.22) and the same is low among the nuclear family (132.19). The Z test result indicates that there is no difference between the mean awareness scores of policyholders based on their family type.

**Number of Family Members and Awareness**

It is found that the mean awareness score is high among the large size families with an average score of 136.18. On the other hand, the mean awareness score is very low among the small size families with an average score of 129.48. From the analysis it is inferred that, respondents from large families have more awareness than the respondents belonging to small families.

The F test result indicates that there are no differences between the mean awareness scores of small, medium and large family policyholders.

**Chi-square test**

Chi-square test indicates that majority of the respondents (79.1 per cent of female respondents, 82.6 per cent of young age group, 73.0 per cent of unmarried, 85.6 per cent of urban living respondents, 86.2 per cent of respondents having professional level of education, 85.7 per cent of respondents belonging to profession group, 76.1 per cent of respondents belonging to ₹300001 to ₹500000 income group, 76.2 per cent of
respondents from joint families and 76.8 per cent of respondents belonging to medium size families) are having high awareness about products and services offered by the LIC of India.

Chi-square test reveals that there is a significant association between policyholders’ awareness and all independent variables except the annual family income and family type of the respondents.

**Policyholders Satisfaction towards Marketing Strategies of the LIC of India (Chapter V)**

The present study has adopted the summation approach in measuring policyholders’ satisfaction. Seven ‘P’s such as Product, Price, Promotion, Place, People, Process and Physical Evidence are considered to find out the policyholders’ satisfaction.

There are normally two approaches to measure the satisfaction. These approaches may be termed as the ‘global’ approach and the ‘summation approach’. The global approach is concerned with eliciting generalized, undifferentiated evaluation of the vocation, whereas the ‘summated’ approach elicits the reactions or attitudes of the individuals to specific aspects of the work situation, which are then summated to obtain an overall index of liking or disliking.

To measure the satisfaction of policyholders on marketing strategies collectively, Rensis Likert’s summated scaling technique is adopted. Seventy five statements, from seven ‘P’s, are prepared based on literature and discussions with Branch Managers, Development Officers, agents of the LIC of India and academic experts. These statements relating to marketing mix are incorporated in the interview schedule used for the study. The information required to measure the policyholder satisfaction on marketing strategies of the LIC of India concentrate on all seven components of marketing mix. All the seven components are combined together to arrive at the satisfaction score which reflects the success of overall marketing effort of the LIC of India.

It is clear from the analysis that out of 626 respondents, satisfaction level of 81.3 per cent of respondents is medium/high. In respect of 18.7 per cent respondents, the satisfaction level is low. The satisfaction score ranged in between 99 to 328. The average score of 626 sample respondents is 224.04.
Gender and level of Satisfaction

It is found that out of the 626 respondents, 82.7 per cent of the male respondents and 78.7 per cent of the female respondents have stated their opinion that their level of satisfaction is either medium or high regarding the marketing strategies of the LIC of India.

The average satisfaction score of the Male respondents (212.01) is higher than the average satisfaction score of the Female respondents (193.21).

The Z test result indicates that there is no difference between the mean satisfaction scores of male and female policyholders.

Age and Level of Satisfaction

Considering the level of satisfaction among the four groups of respondents, satisfaction level of the respondents belonging to ‘26 to 40 Years’ age group (36.4 per cent) is higher than the ‘Up to 25 years', ‘41-60 years’ and ‘above 60 years’ age groups.

The average score of ‘Above 60 years’ age group respondents (231.18) is higher than ‘Up to 25 years', ‘41-60 years’ and ‘above 60 years’ age groups.

The F test result indicates that there are differences between the mean satisfaction scores of policyholders based on their age.

Marital status and the satisfaction

With regard to the satisfaction level of the two groups of respondents, it is found that the percentage of respondents belonging to Married group (82.7 per cent) is higher than that of the Unmarried group (74.7 per cent).

The average satisfaction score of the respondents belonging to unmarried respondents (199.63) is lower than that of the married respondents (233.03).

The Z test result indicates that there is no difference between the mean satisfaction scores of married and unmarried policyholders.

Area of Living and Level of Satisfaction

It is found that the percentage of the highly satisfied sample respondents living in the urban area (29.3 per cent) is higher than the semi-urban and rural living respondents.
The low satisfaction of the rural living respondents may be due to the lack of knowledge about the marketing strategies of the LIC of India.

The average score of the respondents belonging to ‘Urban’ area (227.73) is higher than the semi-urban and rural living respondents.

The F test result indicates that there are no differences between the mean satisfaction scores of policyholders based on their area of living.

Educational Qualification and Level of Satisfaction

With regard to policyholders having high level of satisfaction, the analysis indicates that the percentage of the sample policyholders in ‘Professional Level’ (37.7 per cent) is higher than the illiterate, school level and college level educated respondents. The satisfaction level of the respondents of ‘No Formal Education’ is low due to the lack of education.

The average score of the respondents belonging to ‘Professional Level’ (234.93) is higher than the illiterate, school level and college level educated respondents.

The F test result indicates that there are differences between the mean satisfaction scores of policyholders based on their educational qualification.

Occupation and Level of Satisfaction

Considering medium/high level of satisfaction, the percentage of respondents belonging to ‘Profession’ (86.6 per cent) is higher than the agriculture, business and employed respondents.

The average score of the respondents belonging to ‘employed’ (211.54) is higher than the average score of agriculture, business and profession respondents.

The F test result indicates that there are differences between the mean satisfaction scores of policyholders based on their occupation.

Family Annual Income and Level of Satisfaction

With regard to respondents having high level of satisfaction, the results indicate that the percentage of the sample respondents in ‘Above ₹500000’ (85.7 per cent) which is higher than the ‘up to ₹ 1.50,000’, ‘₹150001 to ₹ 300000’ and ‘₹300001 to ₹ 500000’ respondents.
The average score of the respondents belonging to ‘₹300001 to ₹ 500000’ category (228.46) is higher than the ‘up to ₹ 1.50,000’, ‘₹150001 to ₹ 300000’ and ‘above ₹ 500000’ respondents.

The F test result indicates that there are no differences between the mean satisfaction scores of policyholders based on their annual family income.

**Family Type and level of Satisfaction**

The result shows that out of 626 respondents, 81.8 per cent of the joint family respondents and 81.1 per cent of nuclear family respondents opined that their level of satisfaction is either medium or high regarding the marketing strategies of the LIC of India.

The average satisfaction scores of the Nuclear family respondents (227.24) are higher than the average satisfaction score of the joint family respondents (208.59).

The Z test result indicates that there is a difference between the mean satisfaction scores of policyholders based on their family type.

**Number of Family Members and Level of Satisfaction**

The percentage of the highly satisfied sample respondents in medium size family (32.0 per cent) is higher than the small and large families.

It is clear from the analysis that the average score of the respondents belonging to large family (229.64) is higher than the small and medium size families.

The F test result indicates that there are differences between the mean satisfaction scores of policyholders based on their family size.

**Chi-square test**

The results of Chi-square test reveal that there is a significant association between independent variables like age, marital status, area of living, educational qualification, occupation, family type and level of satisfaction.

**Regression Analysis**

The present study investigates the relationship between the policyholders’ satisfaction and other variables like gender, age, marital status. For this research two sets of variables are selected.
- The dependent variable and the independent variables are gender, age, marital status, educational qualification, occupation, annual family income and number of policies.

The multiple regression models for policyholders' satisfaction reveals that the model fit increases from 0.477 to 0.786 by adding more variables such as marital status, number of policies, educational qualification, occupation, age, gender and family annual income to the independent variable in a step-by-step process.

The adjusted R square also shows an increase from 0.226 to 0.614. This indicates that the increase of seven independent variables is significant in the regression equation.

**Role of Individual Components of Marketing Mix and Personal Strategy of Individual Agents on Policyholders’ Satisfaction (Chapter VI)**

The insurance sector being a service oriented industry has to sustain on the quality of the policyholder service. Analytical results of research studies reveal that survival and growth of an insurance company not only depends upon its ability to provide qualitative services to its policyholders on a sustained basis, but in building a long-term mutually beneficial and trust-worthy relationship with its policyholders. The operational and service aspects of the LIC of India have witnessed significant change owing to the innovations of services and technology and computer revolution. This necessitated the investigation into the level of satisfaction of the policyholders of the LIC of India based on marketing mix.

For collecting required information from the 626 sample policyholders, the interview schedule method was adopted. Seventy-five statements were prepared from a search of literature and discussions with Branch Managers, Development Officers, Agents of the LIC of India and Academic Experts. These statements were framed relating to products, price, promotion, physical distribution, people, process and physical evidence.

Rensis Likert-type scale is adopted to measure the satisfaction level of the policyholders on the seven ‘P’s (one mix element at a time) in the selected seven branches of the LIC of India in Erode District. The scores of the 626 samples are calculated. The respondents are grouped into three categories based on their average score, viz. low, medium and high.
Satisfaction on Product Strategy

It is found that out of the 626 respondents, the satisfaction level on the product of 82 per cent of the sample respondents is medium/high. The actual scores of the respondents range from 28 to 140. The average score of the 626 sample respondents is 97.38.

It is found that majority (86 per cent of female, 91.3 per cent of young age, 83.8 per cent of unmarried, 85.6 per cent of rural policyholders, 90.8 per cent of professional education, 90.5 per cent of professional occupation group, 90.5 per cent of high income families, 89.5 per cent joint families and 84.4 per cent of large family) of the policyholders are having either medium or high.

Chi-square test reveals that there is a significant association between all the nine independent variables and the level of satisfaction about the product strategy of the LIC of India.

With regard to the satisfaction scores on product strategy, the average scores of the majority (99.54 of female respondents, 102.7 of up to 25 age respondents, 101.78 of unmarried respondents, 97.96 of rural respondents, 106.07 of professional level educated respondents, 105.66 of professional occupation group, 101.68 of middle income families, 104.82 of joint families, 99.23 of medium size families) of the policyholders are high.

From the results of the Z test, it could be concluded that there is no difference in the mean satisfaction scores of the policyholders based on their gender and marital status. But there is a difference in the mean satisfaction scores of the policyholders based on their family type.

The results of the ‘F’ test reveal there are differences in the mean satisfaction scores of the policyholders based on their age, area, educational qualification, occupation, and family size. But there is no difference in the mean satisfaction scores of the policyholders based on their annual family income.

Satisfaction on Pricing Strategy

Out of the 626 respondents, the satisfaction level on price of 78.8 per cent of the sample policyholders is medium/high. The actual scores of the respondents range from 12 to 43. The average score of the 626 sample policyholders is 29.91.
The results indicate that majority (81.5 per cent of male, 81.3 per cent of respondents in 26-40 age group, 80.2 per cent of married respondents, 81.4 per cent of urban policyholders, 95.4 per cent of professional educated policyholders, 95.2 per cent of professional occupation group, 100 per cent of above ₹ 500000 income families, 81.2 per cent of nuclear families, 81.7 per cent of small families) of the policyholders are having either medium or high satisfaction with regard to price strategy of the LIC of India.

The Chi-square results shows that the calculated value of Chi-square exceeds the table value of Chi-square at 5 per cent level of significance for all variables except area.

With regard to the satisfaction scores on price, results reveal that the average scores of the majority (30.81 of male, 30.87 of 26-40 age group, 30.06 of married, 31.09 of urban, 33.3 of professional level educated, 32.29 of profession occupation, 33.1 of above ₹ 500000 annual family income, 31.24 of joint family, 30.26 of medium size family) of the policyholders are high.

From the results of the Z test it could be concluded that there is no difference in the mean satisfaction scores of the policyholders based on their marital status. But there is a difference in the mean satisfaction scores of the policyholders based on their gender and family type.

The results of the ‘F’ test reveal that there are differences in the mean satisfaction scores of the policyholders based on their area, educational qualification and occupation. But there is no difference in the mean satisfaction scores of the policyholders based on their age and annual family income.

**Satisfaction on Promotion Strategy**

The results reveal that out of the 626 respondents, the satisfaction level on the promotion of 80.4 per cent of the respondents is either medium or high. The actual score ranges from 11 to 40. The average score of the 626 respondents is 26.09.

With regard to the satisfaction of the policyholders on promotion, the majority (81 per cent of male, 100.0 per cent of Above 60 years age group, 83.3 per cent of married, 85 per cent of urban, 90 per cent of professional level educated, 89.7 per cent of
professional occupation, 88.9 per cent of above ₹ 500000 annual family income, 81.8 per cent of nuclear family, 81.1 per cent of medium size families) of the policyholders are having either medium or high level satisfaction.

The Chi-square results show that the calculated value of Chi-square exceeds the table value of Chi-square at 1 per cent level of significance for age, marital status, area, education, occupation, annual family income, family type and family size.

With regard to the satisfaction scores on price, the average scores of the majority (26.28 of male, 27.69 of above 60 years age group, 26.14 of married, 27.49 of urban, 28.21 of professional level educated, 28.21 of employed occupation groups, 27.21 of Above ₹ 500000 annual family income, 26.98 of joint family, 26.54 of medium size family) of the policyholders are high.

It is clear from the Z test results that there is no difference in the mean satisfaction scores of the policyholders based on their gender, marital status and family type.

The results of the ‘F’ test reveal that there are differences in the mean satisfaction scores of the policyholders based on their age, area, educational qualification and family size. But there is no difference in the mean satisfaction scores of the policyholders based on their occupation and annual family income.

**Satisfaction on Physical Distribution Strategy**

Out of the 626 respondents, the satisfaction level on the physical distribution strategy of 79.9 per cent of the policyholders is medium/high. The actual scores of the respondents range from 10 to 34. The average score of the 626 sample respondents is worked out to be 24.10.

The results indicate that the majority (81.5 per cent of male respondents, 83.5 per cent of middle age group, 80.4 per cent of married respondents, 92.8 per cent of respondents living in urban area, 85.4 per cent of professional education, 85.7 per cent of profession occupation group, 90.5 per cent of high-income, 82.9 per cent of respondents from joint family and 82.8 per cent of respondents belonging to medium size families) of the policyholders are having medium/high satisfaction with regard to the physical distribution strategy.
The Chi-square results reveal that the calculated value of Chi-square exceeds the table value of Chi-square at 1 per cent level of significance for all variables except gender of the respondent, marital status and educational qualification of the sample respondents.

With regard to the satisfaction scores on the physical distribution strategy, the average scores of the majority (24.27 of male respondents, 24.94 of middle age group, 24.45 of married respondents, 25.19 of urban policyholders, 24.82 of professional education group, 24.75 of employed occupation group, 24.84 of middle-income group, 24.88 of respondents from joint family and 24.31 of the respondents from small families) of the policyholders are high.

The Z test results show that there is no difference in the mean satisfaction scores of the policyholders based on their gender. But there is a difference in the mean satisfaction scores of the policyholders based on their marital status and family type.

The results of the ‘F’ test reveal that there are differences in the mean satisfaction scores of the policyholders based on their age, area and family size. But there is no difference in the mean satisfaction scores of the policyholders based on their educational qualification, occupation and annual family income.

**Satisfaction on People Strategy**

The results reveal that out of the 626 respondents, the satisfaction level of 78.3 per cent of the sample respondents is either medium or high. The actual scores of the respondents range from 8 to 39. The average score of the 626 sample respondents is 27.2.

With regard to the level of satisfaction on people, majority of (80 per cent of female respondents, 89.1 per cent of old age group, 79.4 per cent of married, 89.2 per cent of urban policyholders, 86.2 per cent of professional level of education, 83.6 per cent of respondents belonging to agriculture group, 83.9 per cent of low income group, 81.8 per cent of respondents from nuclear families and 84.5 of respondents belonging to small families) the respondents are having medium/high level of satisfaction.

The Chi-square results show that the calculated value of Chi-square exceeds the table value of Chi-square at 1% level of significance for all variables.
With regard to the satisfaction score on people, the average score of the majority (27.79 of female respondents, 28.45 of middle age group, 27.52 of unmarried respondents, 29.94 of professional education group, 27.81 of employed occupation group, 28.08 of middle income group, 27.53 of nuclear respondents and 27.67 of small family respondents) of the respondents are high.

The Z test results show that there is no difference in the mean satisfaction scores of the policyholders based on their gender, marital status and family type.

The results of the ‘F’ test reveal that there are differences in the mean satisfaction scores of the policyholders based on their age, area, educational qualification, occupation, annual family income and family size.

**Satisfaction on Process Strategy**

Out of the 626 respondents, the satisfaction level of 76.4 per cent of the sample respondents is either medium or high. The actual scores of the respondents range from 10 to 34. The average score of the 626 sample respondents is 23.55.

With regard to the level of satisfaction on the process strategy, majority of (79.1 per cent of female respondents, 83.8 per cent of middle age group, 77.5 per cent of unmarried, 82 per cent of urban policyholders, 90 per cent of respondents having professional level of education, 86.2 per cent of respondents belonging to employed group, 100 per cent of high income group, 77.8 per cent of respondents from nuclear families and 78.5 per cent of respondents belonging to small families) the respondents are having medium/high level of satisfaction.

The Chi-square results show that the calculated value of Chi-square exceeds the table value of Chi-square at 1 per cent level of significance for all variables except gender, marital status, area and family type.

With regard to the satisfaction score on process, the average score of the majority (23.58 of female respondents, 25.04 of middle age group, 23.63 of married respondents, 24.9 of urban policyholders, 25.71 of professional education group, 25.71 of employed group, 26.48 of high income group, 23.57 of nuclear family and 23.84 of medium family) of the respondents are high.
The Z test result indicates that there is no difference in the mean satisfaction scores of the policyholders based on their gender, marital status and family type.

The results of the ‘F’ test reveal that there are differences in the mean satisfaction scores of the policyholders based on their age, educational qualification, occupation, annual family income and family size. But there is no difference in the mean satisfaction scores of the policyholders based on their area of living.

**Satisfaction on Physical Evidence Strategy**

Out of the 626 respondents, the satisfaction level of 75.6 per cent of the sample respondents is either medium or high. The actual scores of the respondents range from 10 to 40. The average score of the 626 sample respondents is 25.81.

With regard to the level of satisfaction on physical evidence strategy, majority of (77.1 per cent of male respondents, 81.2 per cent of young age group, 82.9 per cent of unmarried, 76.3 per cent of rural policyholders, 90 per cent of respondents having professional level of education, 81 per cent of respondents belonging to profession, 81 per cent of high income group, 82.9 per cent of respondents from joint families and 78.8 per cent of respondents belonging to medium size families) the respondents are having medium/high level of satisfaction.

The results of the Chi-square test show that the calculated value of Chi-square exceeds the table value of Chi-square at 1 per cent level of significance for all variables except gender, area, occupation, family annual income and family size.

With regard to the satisfaction score on physical evidence strategy, the average score of the majority (26.19 of male respondents, 26.4 of middle age group, 27.25 of unmarried respondents, 26.58 of urban policyholders, 29.01 of professional education group, 27.4 of professional occupation group, 25.91 of middle income group, 27.35 of joint family respondents and 26.24 of medium size family respondents) of the respondents are high.

The results of the Z indicate that there is no difference in the mean satisfaction scores of the policyholders based on their gender and marital status. But there is a difference in the mean satisfaction scores of the policyholders based on their family type.
The results of the ‘F’ test reveal that there are differences in the mean satisfaction scores of the policyholders based on their age, educational qualification and family size. But there is no difference in the mean satisfaction scores of the policyholders based on their area, occupation and annual family income.

**Policyholders’ Satisfaction: Factor Analysis**

Factor analysis results depict the variables under each of the ten derived factors. Factor 1 has an Eigen value of 10.350 and explain 13.8% of the total variance. The Eigen values of the second, third, fourth,…,tenth factors are 6.075, 5.723, 4. 653, 4.434, 4.204, 3.102, 2.542, 2.139 and 1.871, respectively.

Naming the factors has been done based on the size of factor loading of the variables. The first factor comprises of variables viz., minimum age at entry, maximum maturity age, tax benefits, risk coverage, dating back, nomination facility, actual sum assured, policy loan facility, revival facility, provision of duplicate policy bond, premium waiver benefits, maximum sum assured, minimum term, sum assured in multiples, minimum sum assured, maximum term and claim settlement. These are grouped under Factor 1 and termed as product factor which indicates the common expectations of any policyholder while selecting the life insurance policies in the LIC of India.

The second factor is the price (premium) factor which includes premium charged, interest for delayed payment of premiums, additional premium payment for benefit of premium waiver, single premium plan, rate of interest charged on policy, loan grace period available to pay premium and way of premium payment. This factor suggests that the premium charged for various policies will be a reasonable one and considered a competitive market price to market the insurance products by the LIC of India.

The third factor is People factor which includes more frequent interaction by agents and development officers, uninterrupted service being provided at branch offices, knowledge of employees about insurance product, customer friendliness of the employees, answering of queries of the policyholders over telephones, servicing time in branch office for premium payment and variety of polices and attractive schemes. This factor suggests that uninterrupted service is a very important duty of the LIC of India so that the policyholders stay loyal and happy.
The fourth factor is promotion factor, which includes agent’s approach to policyholders, periodical meets, effective advertisement, reminders, promotion of the number of insured under bancassurance, personal canvassing of officers and agents, intimation of various policies through various correspondences and educating policyholders who visit the LIC branch offices. This factor suggests that the LIC of India should have close touch with policyholders and steps to be taken to minimize the gap between the policyholders and the LIC of India. Regular and frequent meetings between the policyholder and branch officials (Branch Manager, Development Officer and etc.,) would help the LIC of India in receiving proper feedback as to what the policyholders want on one hand and it would motivate the policyholders to be loyal and co-operative with the LIC of India on the other hand.

The fifth factor is place factor (physical distribution) which includes individual agents, bancassurance, insurance brokers, corporate agents and direct marketing. Individual agents are dominating in marketing the products and services of the LIC of India than that of other distribution channels. This factor suggests that the LIC of India should take care on individual agents.

The sixth factor is process factor, which includes time taken for taking policy and getting policy document, effectiveness of grievances redressal mechanism, improvement of quality of service through different channels, premium paid certificate for claiming tax benefits, contact employees interaction with customers, essential services offered without discomforting the customer and more information about various products and services. This factor indicates that the LIC of India should be customer friendly. It also indicates that the speed and accuracy is a vital factor. The process methodology of life insurers should be easy and convenient to the policyholders. Badly designed and poor process leads to slow and inefficient delivery and make it difficult for insurance agents to do their job well. Consequently it will result in low productivity and service failures.

The seventh factor is physical evidence factor, which includes the location of the LIC branches, exterior facility, interior facility and details of policy document. Physical evidence provides excellent opportunities for a service of insurance business. The LIC of India and their intermediaries need to manage all these physical evidences carefully as they can have a profound impact on the impression of the policyholders.
The eighth factor is policy servicing factor which includes critical illness benefit rider, Key-man insurance and option to switch between funds. This factor suggests that the LIC of India should concentrate on policy servicing.

The ninth and tenth factor includes e-insurance/net marketing, details of assignment, personnel appearance of agents and physical attributes. These factors are termed as core factors.

The satisfaction level of the policyholders regarding product factor ranks the highest on the list, and other factors are found moderately satisfactory by the policyholders. Therefore, the LIC of India should gear up to promote its activities to attract and retain their policyholders by providing quality services.

Components Attributed to Policyholders Satisfaction

Out of the 626 respondents, satisfaction level on seven Ps, of 509 (81.3%) policyholders is either medium or high. The satisfaction scores of the respondents range from 99 to 328. The average score of the 626 sample policyholders is 224.04.

The comparative analysis of the service provided by the LIC of India based on marketing mix reveals that out of the 626 sample policyholders, the satisfaction of 513 (82.0%) policyholders are either medium or high in product mix followed by promotion mix (80.4%), physical distribution mix (79.8%), price mix (78.9%), people mix (78.3%), process mix (76.3%) and physical evidence mix(75.6%).

The satisfaction level on product mix of 513 (82.0%) sample policyholders is either medium or high. To the question as to what are the components that must be weighed in taking decision on the marketing strategy of the LIC of India, one can answer that the product mix contributes more for the satisfaction of the policyholders.

Personal Strategy of Individual Agents

It is clear from the analysis that out of the 626 respondents, the satisfaction level of 81.0 per cent of the sample respondents is either medium or high. The actual scores of the respondents range from 7 to 30. The average score of the 626 sample respondents is 19.93.
With regard to the level of satisfaction on the personal strategy of the individual agents, majority (82.0 per cent of male respondents, 89.1 per cent of old age group, 88.3 per cent of unmarried, 82.0 per cent of urban policyholders, 90 per cent of respondents having professional level of education, 83.6 per cent of respondents belonging to agriculture, 87.2 per cent of low income group, 83.4 per cent of respondents from joint families and 83.8 per cent of respondents belonging to small size families) of the respondents are having medium/high level of satisfaction.

The Chi-square results show that the calculated value of Chi-square exceeds the table value of Chi-square at 1 per cent level of significance for all variables except gender, area, family annual income and family size.

With regard to the satisfaction score on the personal strategy of the individual agents, the average score of the majority (20.18 of male respondents, 20.51 of middle age group, 21.16 of unmarried respondents, 20.73 of urban policyholders, 21.97 of professional education group, 20.75 of agriculture group, 20.13 of low income group, 21.07 of joint family respondents and 20.26 of medium size family respondents) of the respondents are high.

The Z test results clearly show that there is no difference in the mean satisfaction scores of the policyholders based on their gender and marital status. But there is a difference in the mean satisfaction scores of the policyholders based on their family type.

The results of the ‘F’ test reveal that there are differences in the mean satisfaction scores of the policyholders based on their educational qualification and family size. But there is no difference in the mean satisfaction scores of the policyholders based on their age, area, occupation and annual family income.

Problems of the Policyholders on Individual Components of Marketing Mix (Chapter VII)

Problems in Product Strategy

Regarding the various problems in product strategy, the first two ranks goes to ‘renewable of lapsed policies’ and ‘surrender of policies’ with a mean Garrett score of 54.06 points and 52.52 points.
Problems in Pricing Strategy

The results of Garrett ranking analysis for problems related to pricing strategy shows that ‘high rate of interest for delayed payment premium’ and ‘no rebate allowed for monthly and quarterly payments’ are given the first two ranks with a Garrett score of 33404 and 31288 points, respectively.

Problems in Promotion Strategy

It is very obvious from the analysis of promotion strategy ‘lack of details about policy in advertisement’ has been ranked as first with a Garrett score of 38038 points. It is followed by ‘absence of periodical meets (agents and policyholders)’ ranked second with a Garrett score of 37904 points.

Problems in Physical Distribution Strategy

Regarding the various problems in the physical distribution strategy, the first two ranks go to ‘targeting of a particular policy’ and ‘lack of knowledge regarding various policies and communication skill in handling queries’ with a Garrett score of 41348 points and 38877 points.

Problems in People Strategy

Regarding the various problems in people strategy the first two ranks goes to ‘poor response for enquiry of policyholders’ and ‘lack of RTI & modern technology’ with a Garrett score of 40937 points and 39977 points.

Problems in Process Strategy

Regarding the various problems in process strategy the first two ranks goes to ‘delay in processing (renewal of lapsed policies, policy loan, surrender and claim settlement)’ and ‘poor discloser of information in branches’ with a Garrett score of 33699 points and 32672 points.

Problems in Physical Evidence Strategy

Regarding the various problems in physical evidence strategy the first two ranks goes to ‘poor parking facilities in branch offices’ and ‘inadequate seating facility in branch offices’ with a Garrett score of 40584 and 40094 points, respectively.
8.3 SUGGESTIONS

Based on the findings of the study, the following suggestions are given:-

1. **Innovative Products to Increase Market Share**

   In this study, it is found that market share of the LIC of India has declined from 99.98% in the year 2000-01 to 70.39% in the year 2010-11 (vide Table 2.3). It clearly shows that the market share of the LIC of India is declining at the national level and also in the study area. It is an indication of the changing market scenario in the Indian Life Insurance Market.

   Hence, it is suggested that the LIC of India has to bring out more and more innovative products and services to face the stiff competition from the private players. Attractive and informative advertisements through proper channels, recruitment of skilled agents and effective training for them would be helpful to increase the market share.

2. **Adding attractive features in Policies**

   In this study, majority (42.9 per cent) of the policyholders prefer endowment and money back policies (vide Table 4.1).

   Hence, it is suggested to the policyholders that those who do not prefer endowment policies and money back policies so far may prefer these policies as it offers more benefits such as risk coverage, survival benefits, share of profit in the form of bonus, increase in risk coverage after certain years, etc.,

   It is also suggested to the authorities of the LIC of India that they have to concentrate on promoting other policies by adding more attractive features.

3. **Creating Awareness among the Policyholders**

   It is found that, out of the 626 respondents, 71.9% of the respondents have high awareness and 28.1% of the respondents have low awareness on products and services offered by the LIC of India (vide Table 4.2). They are unaware regarding the following aspects such as, 1251 service for getting policy related information, dating back of policy, cooling-off period, SMS service, ECS, suveetha info centre, critical illness benefit rider, keyman insurance, anti money laundering programme, women policy, ULIP policy, policy for pregnant ladies and minor child.
Hence, it is suggested that conduct of campaigns, workshops, seminars and training programmes to educate the rural and semi urban masses, scrolling LED displays regarding various products and services in front of branch offices and sending newsletters and clippings to the targeted groups will help to improve policyholders’ awareness.

4. Improving Satisfaction of Policyholders on Marketing Strategies

It is found that 65.0% (vide Table 6.1) of the policyholders’ level of satisfaction on product mix is either low (18.0%) or medium (47.0%); 62.0% (vide Table 6.4) of the policyholders’ level of satisfaction on price mix is either low (21.1%) or medium (40.9%); 71.4% (vide Table 6.7) of the policyholders’ level of satisfaction on promotion mix is either low (19.6%) or medium (51.8%); 52.6% (vide Table 6.10) of the policyholders’ level of satisfaction on physical distribution mix is either low (20.1%) or medium (32.5%); 54.3% (vide Table 6.13) of the policyholders’ level of satisfaction on people mix is either low (21.7%) or medium (32.6%); 48.8% (vide Table 6.16) of the policyholders’ level of satisfaction on process mix is either low (23.6%) or medium (25.2%) and 71.8% (vide Table 6.19) of the policyholders’ level of satisfaction on physical evidence mix is either low (24.4%) or medium (47.4%).

Hence, it is suggested that to improve the policyholders’ satisfaction on product mix, proper care should be taken to remove the problems in renewal of lapsed policies, surrender of policies, claim settlement, getting policy loan and issuing duplicate policy bond. To improve the policyholders’ satisfaction on price mix proper steps should be taken to remove the problems such as high rate of interest for delayed payment of premium, no rebate for monthly and quarterly payment, excessive deduction for prematured surrender, charges for discontinuance of policy, less grace period and high premium. To improve the policyholders’ satisfaction on promotion mix there is a need to remove problems like lack of details about policy in advertisement, absence of periodical meets, poor canvassing by the officials, lack of interest among agents in particular policy, difficulties in getting information through online, ineffectiveness of advertisement and lack of interest among bank officials for promotion. To improve the policyholders’ satisfaction on physical distribution mix due importance must be given to remove problems like targeting of a particular policy, lack of knowledge regarding various
policies, communication skill in handling queries, lack of proper guidance regarding various policies, absence of contact for payment of renewal premium, loss of service due to termination of agency and lack of knowledge in using modern technology.

To improve the policyholders’ satisfaction on people mix effective steps should be taken to remove the difficulties such as poor response for enquiry of policyholders, lack of RTI & modern technology, long queues in collection counter, undue delay in payment of premium by agents and inadequate staff members. To improve the policyholders’ satisfaction on process mix problems such as delay in processing, poor discloser of information in branches, delay in premium paid certificates for claiming tax benefits and inadequate working hours on Saturdays should be removed. To improve the policyholders’ satisfaction on physical evidence mix efforts should be taken to overcome the problems such as poor parking facilities, inadequate seating facility, inconvenient location of branches, non-availability of lifts, ventilation, sidewalks for movements, and poor physical appearance of agents.

If the above said problems are solved, the satisfaction level of policyholders on marketing strategy of the LIC of India could be improved.

5. Improving Individual Agents’ Personal Strategy

It is found that, out of the 626 sample policyholders, 57.8 per cent of the respondents’ level of satisfaction on individual agents’ personal strategy is either low (19.0%) or medium (38.8%) (vide Table 6.23).

Hence, it is suggested that the LIC of India while recruiting agents should consider their personality, determination, explaining capacity and attitude, which are essential for developing their personal strategy. Besides, the LIC of India should give frequent training to its agents to impart knowledge on marketing strategies. It could introduce some special awards and rewards to improve the personal strategy of individual agents that would indirectly enhance the LIC’s business. The agents could render after sales services such as, alterations in the policy contract, arranging for policy loans, conversion of policy terms, revival of lapsed policies, additional insurance and finally settlement of claims.
6. **Revival Facility**

When a policyholder does not pay premium within the grace period, that policy will be treated as lapsed policy. Renewal of lapsed policy, especially after 6 months requires cumbersome formalities. In this study this problem has been ranked as first (mean score 54.06) by the sample policyholders (vide Table 7.1).

Hence, it is suggested that the LIC of India should relax its formalities for renewal of lapsed policies.

7. **Contraction in Minimum Surrender Period**

The LIC of India has increased the minimum period for surrendering the policy from 3 to 5 years (w.e.f., 01.09.2010) on the recommendation of IRDA. In this study, this problem has been ranked as second (mean score 52.52) by the sample policyholders in the study area (vide Table 7.1).

Hence, it is suggested that the LIC of India should reduce the minimum period of surrendering the policy for the satisfaction of the policyholders.

8. **Minimum Rate of Interest for Delayed Payments**

The LIC of India has hiked the interest for the delayed payment of premium from 8% to 10% (w.e.f., 2010). In this study, this problem has been ranked as first (mean score 53.36) by the policyholders in the study area (vide Table 7.2).

Hence, it is suggested that the LIC of India should reduce the interest rate on the delayed payment of premium. This will improve the satisfaction level of the policyholders.

9. **Need of Effective Advertisements**

In this study, the problem of lack of policy details in advertisement has been ranked as first (mean score 60.76) by the sample respondents in the study area (vide Table 7.3).

Hence, it is suggested that the advertisements should give full details about the insurance policies.
10. Periodical Meets

In this study, the problem of ‘Absence of Periodical Meets’ has been ranked as second (mean score 60.55) by the sample respondents in the study area (vide Table 7.3). Periodical meets by branch managers, development officers and agents with policyholders are essential to find out the policyholders’ expectations.

Hence, it is suggested that the LIC of India should conduct periodical meets to fulfill the expectations of the policyholders.

11. Restructuring of Agent’s Commission

In this study, targeting of a particular policy has been ranked as first (mean score 66.05) by the sample respondents in the study area (vide Table 7.4).

In order to overcome this shortcoming, it is suggested that the rate of commission on all policies should be uniform. So, the agents could promote all the policies. This will lead to increase the LIC’s business.

12. Proper Response to the Policyholders’ Enquiry

In this study, the problem of poor response to the enquiry of policyholders has been ranked as first (mean score 65.39) by the sample respondents (vide Table 7.5).

Hence, it is suggested that the enquiries of policyholders in branch offices should be handled by the employees with a cordial and systematic approach.

13. Timely Processing and Prompt Services

In this study, the problem of delay in processing has been ranked as first (mean score 53.83) by the sample respondents (vide Table 7.6).

Hence, it is suggested that the employees in the branch offices should give timely and prompt services in various aspects such as renewal of lapsed policies, surrender of policies, loan against policies, claim settlement and handling grievances in order to increase the satisfaction level of the policyholders.

14. Expanding Parking and Seating Facilities

In this study, the problems of poor parking facility and inadequate seating facility in branch offices are ranked as first (mean score 64.83) and second (mean score 64.04) respectively by the sample respondents (vide Table 7.7).
Hence, it is suggested that the LIC of India should expand the parking and seating facilities in all the seven branch offices of Erode district.

8.4 SUGGESTIONS FOR FURTHER RESEARCH

1. A study may be conducted regarding awareness and satisfaction of the private life insurance policyholders.

2. A comparative study may be conducted regarding satisfaction of the policyholders on marketing strategies of public sector and private sector life insurance companies.

3. Awareness, satisfaction and problems of Group (Life) Insurance policyholders of the LIC of India may be studied.

4. The study may be conducted in other districts of Coimbatore division and other districts of Tamil Nadu.

8.5 CONCLUSION

Life insurance has a long history in India. The LIC of India was the sole operator of life insurance business up to 1999. Now the LIC of India is facing a stiff competition from the new players on one front and a decline in the market share on the other. The present study is an attempt to ascertain the level of satisfaction of policyholders towards marketing strategies of the LIC of India in Erode district. The study highlighted the satisfaction level of policyholders and the problems faced by them on seven marketing mixes in the selected seven branches of the LIC of India in Erode district. Based on the findings of the study, several useful suggestions have been given. If these suggestions are properly taken into consideration, this will be much useful for the LIC of India to have further growth in a stable manner. To sum up, it is the order of the day for the LIC of India to introduce novel schemes, streamline the marketing strategies and develop the marketing skills of its agents to increase its policyholders’ satisfaction and market share.