SUMMARY,
CONCLUSION &
SUGGESTIONS
CHAPTER V
SUMMARY, CONCLUSION AND SUGGESTIONS

The following are the summary of findings relating to the personal factors

The personal factors considered in the study are Sex, Age, Marital Status, Educational Level, Occupational Status, Family Annual Income Level, Family type and Family Size.

Descriptive Analysis

➢ On the sexwise classification of the respondents, majority (70.28%) of the respondents are male in the study.
➢ Majority (64.44%) of the respondents in the study belong to the age group of 20-40 years according to their agewise classification.
➢ On the distribution of the respondents towards their marital status, Majority (68.89%) of the respondents are married in the study.
➢ Majority (43.06%) of the respondents are having education up to school level according to their classification on education level.
➢ Maximum (46.94%) of the respondents are from salaried class in the distribution of their occupational status.
➢ On the earnings of their family most (37.50%) of the respondents belongs to the annual income group of Rs.30,000– Rs.60,000.
➢ On the distribution of the respondents, majority (62.50%) of the respondents are from nuclear type of family.
➢ Majority (66.94%) of the respondents have 3 to 5 members in the family according to their family size.
The following are the findings related to Objective 2, “The awareness of rural customers about the various life insurance policies and services of LIC”.

Descriptive Analysis

- On the awareness of the policies, most of the respondents (16.41%) are aware of the children policy in the study.
- On the source of awareness of the policy, most (48.02%) of the respondents are aware of the policies through agents.
- On the source of awareness through advertisement, most (30.71%) of the respondents are aware of the policies through Newspaper and Magazines.
- Most (43.89%) of the respondents are aware of the insurance policies for more than 5 years.
- On the number of policies taken for the family, most (40%) of respondents have purchased only one policy for their entire family.
- Most of the respondents (31.11%) have assured a sum of Rs.30,000 – Rs.60,000 per annum for their family.
- Of the various premium payment places, majority (90.56%) of the respondents are aware of LIC office as premium payment centre.
- Majority (51.11%) of the respondents are aware of the new schemes introduced by LIC.
- Majority (61.67%) of the respondents do not have the opinion of purchasing new policy.
- On the opinion of purchasing new policy, majority (83.33%) of the respondents have the opinion of purchasing new policy through LIC.
Chi – Square Analysis

➢ All the personal factors of the respondents have no significant influence on the source of awareness of the policies.
➢ All the personal factors have no significant influence on the source of awareness through advertisement media.
➢ Age, marital status and family annual income have significant influence over the period of awareness of the policies.
➢ Educational level, occupational status, family annual income, family type and family size of the respondents have significant influence towards the number of policies taken for the family.
➢ Educational level, Occupation and family annual income of the respondents have significant influence towards the sum insured in the family.

The following are the findings relating to Objective 3, “To identify the factors influencing rural customer in selecting LIC policies”.

Descriptive Analysis

➢ On selection of the policies, majority (59.44%) of the respondents have purchased policy voluntarily.
➢ A maximum of 138 respondents have given top priority towards need for insurance is felt as a reason for selecting the policy voluntarily.
➢ On compulsion to take the policy, majority (68.49%) of the respondents are compelled to take the policy by agents.
➢ A maximum of 99 and 88 respondents have selected savings and security respectively as the top most benefits in ranking the benefits through investing in LIC.
A maximum of 16 respondents have given top priority towards savings in selecting the private sector.

**Average Rank**
- Respondents consider need for insurance is felt as the top reason for taking the policy voluntarily.
- Security is considered as the top priority followed by savings as the benefits derived by investing in LIC.
- Majority of the respondents have ranked savings as the top priority among the other reasons on the opinion of taking new policy in private sector.

**Chi-Square Analysis**
- Personal factors of sex, martial status, occupational level and family annual income have significant influence over the source of compulsion made to take the policy.

The following are the summary of findings related to objective 4, “To examine the rural customer’s opinion and preference towards different types of LIC policies”.

**Descriptive Analysis**
- On selecting of the various mode of premium, most of (45.83%) of the respondents pay their premium quarterly.
- On payment of the premium, majority (74.72%) of the respondents pay their premium through cash.
- Of the various policies, most of the responses (23.94%) given by the respondents are towards purchase of endowment policy.
- Most (35.28%) of the respondents pay less than Rs.2000 as premium on their policies purchased.
Most (22.32%) of the responses are towards their post-retirement life on the various features covered in their policy.

Majority (72.50%) of the respondents have not availed loan against the policy.

Most (33.33%) of the respondents have availed loan of Rs. 5000 – Rs. 7500 towards their policy.

Of the various modes, majority (6.56%) of the respondents have availed loan through agent.

Majority (69.72%) of the respondents have not availed claim settlement.

Most (47.71%) of the respondents have availed claim settlement on maturity of the policy.

Based on the time taken for claim settlement by LIC, majority (58.06%) of the respondents have received claim settlement within 15 – 30 days.

**Correlation Analysis**

There exists a significant correlation between total premium paid annually and the amount of loan availed.

**Chi-Square analysis**

- Sex and occupation of the respondents have significant influence over the mode of premium.
- Sex, educational level, occupational status, family annual income and family size of the respondents have significant influence towards the mode of payment.
- Occupations of the respondents have significant influence over the purpose of the claim lodged.
- Educational level and family type of the respondents have significant influence towards the time taken for settlement.
- Of the various reasons, majority of the respondents have ranked risk-free as the top priority among the reasons for selecting LIC as long-term investment.
There exists a significant difference between the proportion of the respondents aware and the policies availed in 7 policies such as children policy, endowment policy, group insurance policy, money back policy, pension policy, term policy and women policy.

The following are the findings of the Objective 5, “To analyse the level of rural customer’s satisfaction towards insurance policies and services of LIC”

Descriptive Analysis
- Of the various policies 78, 77 and 75 responses are highly satisfied with whole life policy, money back policy and endowment policies respectively.
- 145 responses are having high level of satisfaction towards agents as the media in opting LIC.
- Majority (52.78%) of the respondents felt that the processing method for payment was not easy.
- On the opinion of the respondents towards their delay in the payment of premium, most (38.42%) of the respondents opined that the delayed payment of premium was due to employees of LIC.
- 158 of the responses are having high level of satisfaction over employees’ response on the services of LIC.
- Majority (71.39%) of the respondents have not discontinued their policy.
- On the various reasons for discontinuation of policy most (44.66%) of the respondents have discontinued due to financial constrains.

Average Score
- Most of the respondents have high level of satisfaction on whole life policy followed by children policy on the various policies purchased.
- Majority of the respondents have high level of influence over agents in opting the LIC policies.
Majority of the respondents are having high level of satisfaction over employees' response on the level of satisfaction on various services of LIC.

**Chi – Square Analysis**
- All the personal factors have insignificant influence over the reasons for delayed payment.
- Marital status of the respondents has significant influence towards the reasons for discontinuation of policy.

**Factor Analysis**
- Among various policies, the policies which derive more level of satisfaction are the special plan and women policy which have the highest extraction value of 0.926.
- On the services rendered by LIC, most of the respondents derive more level of satisfaction on premium collection which has the highest extraction value of 0.781.

**ANOVA**
- On the level of satisfaction of the personal factors on the policies taken, there exists significant difference in the level of satisfaction on various educational level, occupation, family annual income and family type.
- On the level of satisfaction of the personal factors on the influence in opting LIC, there is significant difference in the level of satisfaction on the marital status group, occupation and family annual income.
- On the services provided by LIC, there exists significant difference in the level of satisfaction in marital status, educational level and occupation.

The following is the summary of the objective 6, “To analyse the rural customer's satisfaction towards their agent's performance and services”
Descriptive Analysis

- Majority (63.46%) of the respondents pay their premium through agents.
- Majority (64.72%) of the agents belong to the same area of the respondent.
- Majority (60%) of the respondents opined that the agents' visits often.
- Most of the responses (173) are highly satisfied towards receipt of document in the agent's services.

Average Score

- Majority of the respondents are having high level of satisfaction over receipt of documents towards the services of agents.

Factor Analysis

- Among the important services, which derive more level of satisfaction is the service during claim settlement, which has the highest extraction value of 0.732.

ANOVA

- There exists significant difference in the marital status group on the level of satisfaction on the opinion regarding agents approach.
CONCLUSION

A thorough understanding of the rural markets has become an important aspect of marketing in today’s Indian marketing environment. The rural market is emerging stronger with rising income levels, growing awareness levels and stiff competition. LIC has an important role to play in the rural sector also because of its geographical spread.

The symbol and logo of LIC is well known and easily recognized in the rural sector also. In rural zone, unlike other insurers, LIC has to establish because of its social objective and collective upliftment to enhance its spread to cover wider areas in the rural masses. The private players already have stepped into the rural market as per the Insurance Regulatory and Development Authority obligations and they have to win the confidence of the rural masses. The untapped rural markets have to be covered by LIC before the private players by their innovative products and services.

As customer satisfaction is the direct route to enhancing business performance and sustaining growth, providing better service to customers play a critical role in retaining customers and to attract new customers. Customer satisfaction is the ultimate differentiator in the financial and social services.

The major findings of the study are that the policy holders are satisfied with whole policy, money back policy and the receipt of documents whereas they have low level of satisfaction towards the pension policy, women policy and the attitude of employees. The rural consumers are satisfied with the performance of agents in issuance of documents alone and in the other aspects, the level of satisfaction is less.
LIC is to refocus its strategy to stay in the race and dominate the future market evolution. The new strategies and the new organizational goals have to be developed with the capabilities of the organisation to enhance customer satisfaction. Thus, it is important for LIC to play a dual role of fighting with competitors in capturing the untapped rural sector and also to provide better services to their customers in fulfilling their needs.

SUGGESTIONS

The following are the recommendations according to the findings of the study "A Study on Rural Customer Satisfaction towards LIC in Coimbatore District",

- The insurance companies should increase the awareness level among rural customers for viewing insurance policies as a risk management tool. The rural respondents have the habit of investing in purchase of land, gold and other assets. Most of the policies that they are familiar with have been sponsored or subsidized by the government. Thus, the rural people do not fully see insurance as a risk sharing mechanisms though contribution in premium. Thus, there is a need for the insurers to bring about a change in the perception of insurance as a risk mitigation instrument.

- During the process of servicing on various insurance contracts, a variety of documents are expected to be provided by the customer to the insurance company. On account of their low awareness levels and the lack of documentation system, they face problems of not processing even the basic documents, like age proof and producing school certificate. Nearly 30% of the respondents opined that the delay in the payment was due to documents not properly submitted. A standard age proof to all the rural customers which will
be accepted by all insurance companies without any discrimination may be implemented at the time of taking the policy.

➢ The requirements of the rural customers are different from that of the urban customers. The rural product needs specific design in terms of pricing, premium payment options and simplicity in product features and process requirements. The study reveals that most of the respondents are satisfied with endowment policy. The endowment policy being very simple to understand is the most acceptable product. Hence, the features of various policies should be communicated to the rural customer in their local language also.

➢ Customers in the rural areas do not have direct access to insurance companies in order to remit small premium amounts in cash to the insurer directly. They don't use the available channels of remitting cash through banking instruments like cheques or demand drafts as very few have bank accounts. The study reveals that most of the customers pay their premium by cash and through agents. Therefore, there is a need for the regulator which co-ordinates with the insurance companies to work on a process which allows rural customers to remit premium conveniently.

➢ The research and design of rural products had been weighed down by the minimum premium amount that the rural customers will be willing to pay for various policies. This resulted to low premium policies which do not adequately cover the actuarial cost of covering the risk. However this increases the quantum of policies in the rural areas for the insurance companies to meet their regulatory obligations. But due to low priced policies, there is little incentive for the insurers and also less risk coverage for the policyholders. Therefore, there is a need to design flexible products like Bima gram, market
plus which are priced in such a way that there is enough interest for customers and also for the insurance companies to sell the products on a large scale.

- Insurance has got translated into a mere savings instrument with very little risk coverage. The study reveals that most of the respondents prefer savings as the top priority benefit. There is a chance of lapsing of policies if the customer cannot pay the premium in a timely manner. This results in loss of risk coverage and loss of a significant part of the savings made by the customer. The lapsation of policies may be due to low income level, less disposable income and due to lack of awareness of the future loss and risk mitigation. Hence, there is need to motivate the insurance companies to sell the savings linked and risk products more flexible and fair to the rural customers.

- The current target set by the regulator for the insurance companies to meet the rural sector obligations are not representative of the percentage of people residing in the rural sector. The targets talk about only the first five years from commencement of the company. The insurance companies should make sufficient investments in the right direction, to design and deliver products especially to the rural market. The regulator should consider revision in the rural targets for the insurance companies to a higher level, so that a greater investment may be made in rural products.

- While the group is very much being explored by many insurance companies to offer insurance services, it gets very restricted to groups where members have taken credit from an institution. The customer who do not have credit requirements are left off the insurance coverage. The study also reveals that a minimum percentage of the respondents are aware of group policy. Therefore, the insurance companies need to design products for groups in rural areas also.
Health insurance product should cover to administer for the high impact and low frequency risk events, which falls under critical illness category. There is an expressed demand by the rural customers to provide insurance coverage for minor and frequent ailments, where these smaller costs would meet through savings. Thus, health insurance products have to be delivered, where the lower costs and higher frequency risk can be addressed by the credit facility.

Most of the regulatory activities are directed in general to the market, which is dominated by urban counterparts. It is essential for the regulator to come out with separate regulations which would propel the development of insurance services for the rural sector.

Actual insurance protection level for a family is to generate an income equal to that which is generated by the breadwinner. According to the study, most of the customers perceive policy with sum assured of Rs.30,000 – Rs.60,000 and most of the policy holder's income level is Rs.30,000 – Rs.60,000. Comparing the sum assured and the income level group, there exists under insurance. The human life value concept states that if the breadwinner dies, his income is stopped and the source of income can be generated through insurance by making a policy covering his annual income for 20 times. This is to be popularized by educating the rural sector.

Investment plans are to be popularized. The study reveals that minimum percentage of the respondents have opted the special plans. The rural people are contented with simple living. The insurance companies should cover the richer rural pockets for unit linked plans. This will change the investment options available to the villagers. Awareness and education towards the long term return on investment plans have to be explained by the agents.
The rural customer demands for loan on various situations like critical illness, children's education, festivals, family member's marriage, harvesting, manuring and so on. The products are to be designed with enough flexibility to meet the changing needs at each stage of life of the rural sector.

Rural people have started worrying about their old age and risk of living long. The study reveals that the minimum percentage of the respondents have opted pension plans. The interest of the pension plan should be interested to the rural sector. The insurer can introduce pension policies keeping in view the greater percentage of aged people due to change in the demographic profile.

The insurer can appoint financial consultants to the rural masses for supporting and assisting them in their financial decision portfolio. The interaction with the rural people will help to understand the aspirations, values and buying habits of the rural folk. The necessity of insurance and selecting suitable policy with the available surplus may be explained to them. This measure can be implemented in haats, melas, chaupals, rural banks, post offices and panchayat offices.

Agents are the well-informed intermediary who can identify the needs of the customer and they serve not only as a signified mechanism regarding company's credibility and financial solvency, but also as one of the most important parameters of customer satisfaction. The study reveals that majority of the respondents have purchased their policy through agents and the issuance of documents is rated as the top service of the agents. The agents should satisfy the customer in the pre and post sale service as the rural customer is reluctant on clearing his doubts in the LIC office. The agency recruitment norms to work in rural areas need to be liberalized by the regulator. Training
has to be targeted for sale of covers of interest to rural folk and not the gamut of insurance.

- Rural folk read regional language papers and believe in the truth of news item published rather of than the slogans in the advertisement. The study reveals that majority of the respondents are aware of the policies through newspapers and magazines. Creating insurance awareness through visual publicity in mandis, melas and haats is necessary. Working through credit organizations is another measure to create linkages for sale of cost-effective insurance covers with their credit offerings. Insurance companies therefore have to interact with commercially connected business entities like TV cable operators, auto dealers, self-help groups, district central co-operative banks, non-governmental organisations and regional rural banks.

- Low income groups who have little amount of savings and also have little knowledge can be reached by proper education of insurance. There is a reverse the saying, "the insurance is sold and not bought". Initiatives in the areas of compulsory insurance will drive growth. Insurance should become an integral part of the basic needs of life, like the food, clothing and shelter. Government should seriously think of bringing in mandatory provision for people to go for compulsory insurance according to their income levels and affordability.

- Inadequate success in establishing their credibility in rural markets has made life tough for private insurance players. The study reveals that minimum percentage of the respondents have the opinion of taking new policy in the private sector. Privatisation has enhanced competition, provided a choice to the customers and triggered innovative ways to capture the rural market. The private sector by its flexible products, better post sale service can win the
confidence in the minds of the rural sector by bridging the gap between the customer expectations and customer service.

- Life insurance contract is a long term one extending even to 30-35 years. A sale is a single transaction but servicing is a continuous business for an insurance company. The study also reveals that majority of the customers are satisfied with employees responses. Trained employees should be given responsibility to attend rural customer for clearing their doubts and also provide better service in claim settlement, intimation of premium, payment of premium and availability of loans.

If all the suggestions given in the study are incorporated by LIC then its performance will reach its new peak in the rural insurance sector and in the process, it will not only expand the organisation but also enhance the satisfaction of the rural customer. Further study can be made by comparing the customers’ perception, attitude and the level of satisfaction towards the products and services of private insurance companies and LIC in rural sector.