CHAPTER – II

REVIEW OF LITERATURE

2.1 INTRODUCTION

This chapter presents the review of literature relating to the study undertaken. A brief review of literature would be of immense help to the researcher in gaining an insight into the selected problem. It would help in gaining good knowledge of the area under study. This study is the first of its category in the way as it attempts to compile the views given by expert commissions, research bodies and individual researchers with reference to private life insurance, level of awareness, policyholders’ level of satisfaction with Life Insurance Corporation of India and Private Life Insurance companies. The reviews presented below are based on internet search, perusal of related literature available in libraries and from various publications of books, newspapers, journals, magazines and research studies made on this topic.

2.2 REVIEWS RELATED TO LIFE INSURANCE POLICY HOLDERS AWARENESS

Chaudhary (2012)\(^2\) explained that today India is one of the fastest growing economies of the world. The Insurance Industry contributes to the financial sector of an economy and also provides social security to the people of a country. The income earning capacity and increasing rate of literacy are the key factors of the growth of the Insurance industry. This sector provides for the long term contractual savings and security. The investors in life insurance are looking for

both good return and life risk coverage. This study is conducted in Panipat city to check the awareness and satisfaction level of insurance buyers/ consumers. To achieve these objectives, a questionnaire is designed to collect the data of buyers of insurance.

**Jain and Goyal (2012)**\(^3\) noted that the insurance industry is in existence since long, the level of awareness towards the rights and duties regarding insurance are negligible. The study tries to understand the awareness of the people towards the rights and duties towards life insurance products after the privatization of the insurance sector. To actually understand this, a primary research was conducted to find out the level of awareness towards the rights and duties of the policy holders across demographic profiles and about the level of awareness towards life insurance policies prevailing in the market. Chi-square test was used to test the significance of the relationship. The analysis is based on a sample of 117 individuals from randomly selected general public. A significant association between the demographic determinants and the awareness towards the rights and duties regarding life insurance was found showing low level of awareness towards rights and duties among the policy holders of life insurance. The study was undertaken in Rajasthan and the methodology can be comfortably to the country as a whole.

**Prakash (2012)**\(^4\) observed that consumer awareness is the knowledge that a consumer should have about his/her legal rights and duties. It is must for a consumer to follow these rights. It is implemented for the protection of the consumer, so that the consumer is not exploited by the seller of the products. Consumer awareness is making the consumer aware of His/ Her rights. The

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marketing term ‘Consumer awareness’ means that consumers note or aware of products or services.

**Dar (2013)** carried out a community-based cross-sectional study towards the awareness of life insurance in the population of Jammu and Kashmir State. A total number of 242 respondents from 242 households were interviewed by using a pretested questionnaire after obtaining informed consent from the participants. The awareness of life insurance was found to be 64.0 per cent. Around 45.0 per cent of the respondents came to know about life insurance from the media which played an important role in the dissemination of information. The mean premium amount agreeable to be paid by the respondents for life insurance was found to be Rs.1804.00; even the low socio-economic group of people was also willing to part with a reasonable amount of Rs. 697.00 annually for life insurance. The middle and low socio-economic groups favored government life insurance compared to private life insurance as they have more faith on Government Company. The findings indicate that government should come out with a policy, where the public can be made to contribute to a life insurance scheme to ensure unnecessary events and also better utilization of life insurance facilities.

**Choudhuri (2014)** analysed that the customers are very much conscious about their needs and requirements towards insurance. Based on the several factors, customers are now selecting different kinds of products in their life where their awareness about the several existing life insurance products varies situation wise, culture wise, nation wise, sector wise, industry wise and obviously over times. On the other hand, like any other company, Life Insurance Corporation of

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India (LICI) is adopting various strategies to develop customers’ awareness about the various products as well as involving in the fulfillment of various needs and requirements of the customers through their selection of different life insurance policies available in the market. Observing present scenario of the LICI customers’ product awareness and their current transactional life insurance policies, in this study the investigation of customers’ product awareness and transaction gap in Life Insurance Corporation of India has been conducted in Burdwan district, West Bengal. In this study, accepted 221 usable responses were considered as the sample size and statistical package SPSS 16 was used to perform the analyses.

Choudhuri (2014) explained that as a social being customers are not only relationally attached with the different kinds of people in their daily life but also directly related with their service providers in different ways. Empirical studies indicated that in the modern age of the society, the technology savvy customers’ awareness about the several existing life insurance products depends on a number of factors where over times these factors varies situation wise, culture wise, nation wise, sector wise as well as industry wise. Considering awareness scenario of the customers of Life Insurance Corporation of India (LICI) about its available products in the present life insurance market, the researcher in this study conducted a study in Burdwan district, West Bengal, to indentify the significant factors that play a noteworthy role in customers’ mind to make them aware about the different products of the LICI.

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Narendar and Sampath (2014)\textsuperscript{8} observed that the level of awareness towards the rights and duties regarding insurance is negligible. The study tries to understand the awareness of the people towards the rights and duties towards life insurance products after the privatization of the insurance sector with special reference to Indian insurance sector. To actually understand this, a primary research was conducted to find out the level of awareness towards the rights and duties of the policy holders across demographic profiles and about the level of awareness towards life insurance policies prevailing in the Indian market. The study totally concentrates on the individual behavior, attitudes and also crating the awareness regarding their contribution on Indian insurance sector.

2.3 REVIEWS RELATED TO PUBLIC AND PRIVATE LIFE INSURANCE

Dhanabhakyam and Anitha (2011)\textsuperscript{9} explained that the insurance sector, along with other elements of marketing, as well as financial infrastructure have been touched and influenced by the process of liberalization and globalization in India. The customer is the king in the market. Life insurance companies deal in intangible products. With the entry of private players, the competition is becoming intense. In order to satisfy the customers, every company is trying to implement new creations and innovative product characteristics to attract customers. Keeping this in mind, the present study is designed to analyze the innovation in Life insurance sector in India.


\textsuperscript{9} Dhanabhakyam M. & Anitha V., “Intruders altering the perception of customers in the Life Insurance Sector of India – a comparative empirical study between public & private life insurance companies”, International journal of research in commerce & management (2011), 2(8), 97-102.
Sreenivas and Anand (2012)\textsuperscript{10} found in the Indian context that the insurance habits among the general public during the independence decade was rare but there was a remarkable improvement in the Indian insurance industry soon after the economic reform era due to healthy competition from many national as well as international private insurance players. In this study attempt has been made to analyze the investors’ perceptions towards public and private life insurance companies in India with special reference to Karnataka.

Tiwari and Yadav (2013)\textsuperscript{11} determined that the deregulation of the Indian Insurance market, low insurance market penetration and the anticipated potential of the Indian insurance industry make it an attractive opportunity for private entrants. With the progress of IRDA reforms and enactment of IRDA act 1999, liberalization of the insurance market in India gave entry to many private insurers, resulting in drastic changes in respect to people’s choice of companies. With the expansion of the market, insurance penetration and density of the country have been improves, leading to a competition within the companies in terms of policies sold, collection of premium income, first premium income, market share, settlement of claims and others. In India life insurance is regarded as more than a mere risk cover and is considered an important avenue of investment. Indian investors therefore, evaluate the past track record and risk potential of an Insurer before taking a policy investment decision. In this study an attempt has been made to analyze the investors’ risk perceptions towards public and private life insurance companies in India with special reference to Madhya Pradesh. The study has been conducted with the help of a structured close-ended questionnaire which was administered to 200 potential investors who have already made investment in life insurance companies in India.


insurance policy. Necessary statistical tools such as percentage and ranking method have been used for the purpose of data analysis and comparison. The study expects to reveal that although a number of private insurance companies have entered the Indian life insurance market, but Life Insurance Corporation of India still seems to be the first choice for many of the investors due to its strong brand image and the perceived safety that is associated with it.

Rao (2014) explained that liberalization of the financial services sector has led to insurance companies functioning increasingly under competitive pressures; so companies are consequently directing their strategies towards increasing customer satisfaction and loyalty through improved service quality. With the opening of insurance industry to private players, the competition has intensified and it has become very difficult for the companies to attract and retain the policyholders. Every company has recognized the need for shifting from a traditional strategy to survive in the market. It is in this context, the process of CRM has been adopted by all private and public sector insurance companies as well. CRM technologies and campaign management tools are maturing and finding wider adoption with large insurance companies. This study is an endeavour to examine and evaluate the various CRM initiatives in life insurance companies and compare the strategies used by public sector LIC with private sector companies.

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2.4 REVIEWS RELATED TO POLICY HOLDERS BUYING BEHAVIOUR

Eck and Nizovtsev (2006)\textsuperscript{13} stated that to determine the major reasons for the lack of success in marketing life insurance in Latin America and the Caribbean. Their results point at the importance of cultural variables of which the most significant is the percentage of the population that professes to be Catholic. They attribute this to a strong correlation between religious beliefs and risk preferences. The other major factor is the population’s attitude toward financial instruments in general. Both results are robust to the model specification. The findings should be of interest to insurance companies attempting to market life insurance throughout the world.

Sahu et al. (2009)\textsuperscript{14} expressed that the life is full of risk and uncertainties. Since, the men are the social human being has certain responsibilities too. Indian consumers have big influence of emotions and rationality on their buying decisions. They believe in future rather than the present and desire to have a better and secured future, in this direction life insurance services have its own value in terms of minimizing risk and uncertainties. Indian economy is developing and having huge middle class societal status and salaried persons. Their money value for current needs and future desires here the pendulum moves to another side which generate the reasons behind holding a policy. Here, the attempt has been made in this research to study the buying behavior of consumers towards life insurance services.


**Dragota and Ileanu (2011)**\(^{15}\) inferred that proclaimed in an international context, Romania had a special position, with both positive and negative aspects in its evolution. Even during a crisis period, starting with 2008, Romania life insurance penetration rate had a continuous growing trend, but it has lagged behind other countries, from Europe or from other continents. The statistics for Romania proved that more steps must be done, primarily in terms of people’s mentality to recognize the usefulness of this sector. Based on our field research of 870 respondents in a nationally representative statistical survey of urban environment in Romania, a binary logit model identified the age, the education level, income per capita and gender as predictors for the probability a life insurance policy to be chosen against an optional private pension. Different result between regions suggests as adequate a regional approach in future management plans regarding life insurance penetration.

**Babita and Anshuja (2012)**\(^{16}\) stated that human life is a most important asset and life insurance is the most important type of insurance which provides financial protection to a person and his family at the time of uncertain risks or damage. Life insurance provides both safety and protection to individuals and also encourages savings among people. LIC of India plays a vital role in the welfare of human well-being by providing insurance to millions of people against life risks such as uncertain death or accident. The present exploratory and descriptive based study was selected with an objective to identify those factors which influence customers policy buying decision and also analyze the preferences of customers while life policy investment decision-making. Various insurance related factors have been discussed in this study. The data for the study has been collected from

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both primary and secondary sources. The study area is limited to Jabalpur district, of Madhya Pradesh and sample size is 150 policyholders of LIC and different private life insurers have been selected through a stratified and purposive sampling method. Researcher has taken few hypothesis based on demographic and insurance based preference factors and tested them with the help of various statistical tools like chi-square, correlation and weighted average method. The analyzed data has been presented in the form of table, bar graphs and pie-charts. LIC is the most accepted and popular brand in life insurance, the market share of private insurers are gradually increasing with people trust and better services offered by them are some of the main findings of the study. Insurance companies should spread more awareness about life insurance, reduction in premium amount and giving more attention on need based innovative products are some of the suggestions provided by the researcher. The research concludes with that demographic factors of the people play a major and pivotal role in deciding the purchase of life insurance policies.

Dash (2012)\textsuperscript{17} observed that the assumed differences in the perceptions of the customers and the executives of the life insurance product regarding the impact of policy pricing on the final policy buying decisions of the potential policy holders. The various elements involved in the life insurance policy pricing can be outlined as: Price level, Terms of payments, Customer’s own anticipated value, Policy quality and price comparison, Differentiation, Flexibility, Clearly laid price structure and Incentives and discounts. This study relies on assumption that both the customers and the executives (of both urban and rural area) have the similar perceptions regarding the impact life insurance product pricing on the customers” buying decisions. Various statistical tools such as arithmetic mean and standard deviation were used to find out any possible differences in the perceptions among

the various categories of respondents, especially to assess the impact of their respective localities on their perceptions. Further, to find out significant variation among these particular categories, t-Test was applied. Finally, it was found that almost all the categories of respondents have similar perceptions except executives of urban area and rural area differing in their opinions about its impact on customers’ buying decision. This study will go a long way in helping the life insurers to formulate a good pricing strategy to influence the customers’ purchasing behaviours.

**Karthiga and Vadivalagan (2012)**\(^{18}\) expressed that the Indian Insurance Industry is as old as it is in any other part of the world. There were number of foreign and Indian insurers operating in the Indian market. Regulations were passed to regulate the Indian insurers but not the foreign companies providing insurance services in India. Analysis and understanding of prospective buyers of life insurance according to their demographic characteristics in specific geographical regions thus becomes important. This will enable the insurers to better prepare their marketing strategies as per the requirements of the people in the region.

**Loke and Goh (2012)**\(^{19}\) determined that the socio-demographic and economic factors that have significant influence on the demand for life insurance in Malaysia. A hurdle count-data model is used to accommodate the separate decisions on the demand for life insurance which is divided into two parts: whether to purchase a life insurance policy and if so, how many policies to purchase. The results show that there are some slight differences in the factors that

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determine the decision to purchase life insurance and the quantity of life insurance policies that a consumer will purchase.

**Negi and Singh (2012)** stated that understanding the consumer’s perception and attitude towards insurance and creating an insurance culture is essential in facilitating the success of insurance services. A better understanding of consumer’s behavior through demographic analysis can play an important role in predicting demand for insurance. However, emerging new complex financial products and changes in the preferences of people for preventing their risks make it difficult. The study aims to find out the relationship of demographic characteristics of the respondents with five important factors influencing the purchase of a life insurance product namely product quality and brand image, service quality, customer friendliness, brand loyalty and commitment. Product Quality and Brand Image came out as the highest ranking factors while Brand Loyalty has been rated as the least important factor. It has been further observed that these factors vary significantly across various demographic characteristics of the respondents.

**Shameem and Gupta (2012)** designed that to evaluate the marketing strategies in life insurance service sector & how these strategies boost sales & marketability of a product which ultimately lead to customer satisfaction. The insurance scenario faces multiple challenges such as increased costs of operation, regulatory pressures, and inflexible technology infrastructure. These pressures are compounded by low to moderate premium growth & the increasing burdens of regulatory compliance. Keeping all the above problems around the study would attempt to study all the factors that contributed to the effective marketing

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strategies. This study presents different marketing strategies that are taken up in life insurance services keeping in view external and internal environment of the firm. Marketing strategy is the basic approach that the business units will use to achieve its objectives, and it consists of broad decisions on target markets, market positioning and mix, and marketing expenditure levels. As the financial services sector has become more competitive, financial institutions need to consider, ways of developing relationships with their existing customers in order to defend their market share. Strategic dimension of marketing should focus on the direction that an organization would take in relation to a specific market or set of markets in order to achieve a specified set of objectives. Every insurer must recognize that its "strategic posture" depends partly on the competitive environment, partly on its allocation of marketing resources. An insurance firm strategy is a plan for action that determine how an insurer can best achieve its goals and objectives in the light of the existing pressures exerted by competition, on the one hand, and its limited resources on the other hand.

Sridevi (2012)\textsuperscript{22} stated that to study the buyer behaviour regarding life insurance policies in the rural area of Perambalur district. Perambalur, being one of the agricultural districts in Tamil Nadu was chosen for the study. The results of the study are based on a field survey of 150 respondents by using purposive sampling technique. India is a country where the average selling of life insurance policies is still lower than many western and Asian countries; with the second largest population in world the Indian insurance market is looking very prospective to many multinational and Indian insurance companies for expanding their business and market share. Before the opening of Indian market for Multinational Insurance Companies, Life Insurance Corporation (LIC) was the

only company which dealt in Life Insurance and after opening of this sector to other private companies, all the world leaders of life insurance has started their operation in India. With their world market experience and network, these companies have offered many good schemes to lure all type of Indian consumers but unfortunately failed to get the major share of market. Still the LIC is the biggest player in the life insurance market with approx 65% market share. The study focuses on the factors which plays a major role in buying behavior of consumers towards life insurance policies in Perambalur area.

Srivastava et al., (2012)\textsuperscript{23} stated that Insurance industry contributes to the financial sector of an economy and also provides an important social security net in developing countries. The growth of the insurance sector in India has been phenomenal. The insurance industry has undergone a massive change over the last few years and the metamorphosis has been noteworthy. There are numerous private and government insurance companies in India that have become synonymous with the term insurance over the years. Offering a diversified product portfolio and excellent services the many insurance companies in India have managed to make their way into almost every Indian household.

Thakkar (2012)\textsuperscript{24} found that to know the investment behavior of individuals with related to life insurance and also to know the problems faced by them. The study was conducted amongst the investors (policy holders) of Kolhapur city. His study revealed that Insurance Advisor is the main influencer in buying decision of life insurance consumers. They depend largely on the insurance advisor.


Annamalah (2013) determined that in Malaysia, the life insurance industry has grown the strength and plays an important role in the capital market. This study examines the various socioeconomic and demographic factors associated with decisions to life insurance purchasing behaviour and total policies expenditures on life insurance by Malaysian married couples. Primary data from a survey were used in this study. The Logit model was formulated to investigate life insurance purchasing decisions and total expenditure on life insurance policy amongst married couples. Results from the empirical analysis showed income and education level of the household head supports the explanatory variables for life insurance purchasing decisions. In addition, the profile of life insurance policy purchaser is constructed to identify the segment of people and to provide good understanding on the demand for life insurance in Malaysia and would help in the formation of policies for further developing of the insurance industry.

Curak et al., (2013) explained that according to the theoretical and empirical literature, life insurance demand is influenced by various economic, institutional, social, and demographic factors. The aim of this study is to analyze social and demographic determinants of life insurance consumption in Croatia. The empirical research is based on the survey data collected on the sample of 95 respondents. The research result shows that age, education and employment impact life insurance demand of household in Croatia while gender, marital status and number of family members do not have statistically significant influence.

Dash and Sood (2013) identified that life insurance as a product is always one of the toughest to sell. Though one can argue about its benefits in the

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long term, in this modern materialistic world, customers are getting very cautious about their investments and the returns out of it. In this study, an attempt was made to make the customers aware of various aspects of a life insurance product and their respective opinions regarding the policy. Various demographic characteristics of the policy holders e.g. age, gender, income, education, occupation etc. and their impact on the customers’ perceptions regarding the product were explored. The various aspects involved in a life insurance product as per their importance to the policy holders can be outlined as: A tax saving plan; a saving scheme with good return; financial security for the family; Risk coverage; Save for green patch (Pension), to cover the risk of living too long; and, to make black money in to white. The study focused on two life insurers: LIC and HDFC Life Insurance operating in Rajasthan. A sample size of 215 life insurance customers was planned. The data was collected through primary sources through a structured questionnaire. Data was analyzed using SPSS 17.0 and MS Excel - 2007. ANOVA and t-Test were used to examine the differences among various groups of respondents. Though the study was handicapped by limited sample size (both geographical as well as periodical), it can be amplified as per the national scenario with some specific modifications. This study will help the insurance companies and the regulators in developing a better life insurance product.

Deb (2013)\(^{28}\) identified that since past couple of years, India has achieved a significant growth in the insurance sector offering the market more choice, better service, quicker settlement, tighter regulations and greater awareness. The present study carried out projects on the specific parameters based on the purchasing decision of the consumers, the customer-orientated accessibility and promptness of services including more returns on investment, tax savings as well as life coverage, which tends to lead a company acquiring the top rank with a huge

market share. The buying behavior of customers in respect of Life insurance products in general is initiated by number of factors viz. Psycho graphical, Economical, Social, Politico legal and Demographical. The list is not exhaustive but it is adequate to have the deep understanding of the factors influencing the decision. This research analyzes & rates all the life insurance companies by analyzing certain variables, the clients’ perception, purchase behavior & consumer’s awareness about the Life Insurance industry and to establish the factors affecting the choice of investors for choose a life insurance policy in Guwahati.

Gaikwad and Vibhute (2013)\textsuperscript{29} observed that the insurance industry is in a turbulent situation. This study will facilitate the insurance companies to know the opinions of customers regarding insurance industry and specifically opinions towards traditional and ULIP plans. Along with this, the company and advisors would understand the exact demand of samples, the parameters of customer satisfaction, factors customers consider while selecting the policy and opinions on advisors advocacy by which company and advisors can design their sales program, sales speech, local strategies and the like. A study was conducted among policy holders in Kolhapur city, India. The researcher concluded that the LIC is the major player amongst sample customers. Traditional plans are preferred more by samples followed by ULIP and customer’s preferences for selecting the insurance company are inclined towards service quality, reputation, trustworthiness and future plans/ vision of a company.

Ghimire (2013)\textsuperscript{30} explored that the real status of investments portfolio structure of both life and non-life insurance companies of Nepal. Insurance Board


of Nepal has issued modified directives for the safe and secure investments of Insurance fund. This study examines the current investment practices adopted by the insurance companies and compare with the norms of directives. Most of the companies have invested more than required fund in secured sector giving priority to solvency over profitability. Among the 234 cases, 37 cases are non-compliances whereas 197 cases are compliances. Out of 37 noncompliance cases, 28 cases are more sensitive. Life insurers fail to comply the statutory provision in 5 cases and non-life in 23 cases. However, in voluntary category, 1 and 8 cases are not complied by the life and non-life insurers respectively. Overall scenario of the investments portfolio is satisfactory ignoring few cases.

Prajapati and Barad (2013) explained that the life insurance basically is a tool against protection of life or against any unforeseen event or death of individuals. It provides financial protection against such risks. The purpose of investments in life insurance for every individual might differ. At present there are 23 private life insurance companies and one public life insurance company. This large number of life insurance companies and having wide range of products confuse the investors as to which product and of which company to purchase. So marketers are interested to know the investment pattern of life insurance investors in order to form their marketing strategies. The present study is an attempt to know the behavior of individual with related to life insurance and also to know the problems faced by them. The study revealed that Insurance advisor is the main influencer in investment decision of life insurance investors and they depend largely on the insurance advisor.

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Srinivas (2013) explained that the insurance sector in India dates back to 1818, when the first insurance company was established, the Oriental Life Insurance Company of Calcutta. The term ‘insurance’ can be defined in both financial and legal terms. The financial definition focuses on an arrangement that redistributes the cost of unexpected losses that the collection of a small premium payment from all exposed and distributed to those suffering loss. While the legal definition focuses on a contractual arrangement whereby one party agrees to compensate another party for losses. The financial definition provides for the funding of the losses, whereas the legal definition provides for the legally enforceable contract that spells out the legal rights or duties and obligations of all the parties to the contract. The insurance business is fairly wide variety of products in both the life and non-life sectors. Insurance eliminates risk and substitutes certainty for uncertainty. It is the protection of economic value of assets. A mechanism helps to reduce loss of asset or becoming dis-functional or loss of life through accident or other unfortunate event.

Umarani (2013) explained that India has long been known for the diversity of its culture, for the inclusiveness of its people and for the convenience of geography. Today, the world's largest democracy has come to the forefront as a global resource for industry in manufacturing and services. Its pool of technical skills, its base of an English-speaking populace with an increasing disposable income and its burgeoning market have all combined to enable India emerge as a viable partner to global industry. Investment opportunities in India are today perhaps at a peak. Supported by India's natural strengths, India offers investment

opportunities in excess of US$850 billion in diverse sectors over the next five years.

Divya (2014)\(^{34}\) observed that the business of insurance is related to the protection of the economic values of asset every asset has a value the owner of any product. Expect some value from it. Every asset is expected to last for a certain period of time during which it will provide benefits. After that the benefit may not be available. There is a lifetime for machine in a factory or a law on a motor car. The owner of this so he must manage his asset to get optimum benefit. An accident or some other unfortunate event may destroy it or make incapable of giving benefits. In that case owner and those who are enjoying the benefit, there from would be deprived of the benefit. There may be a substitute plan. But it would not be ready. It is an unpleasant situation. Insurance is a mechanism that helps to reduce the effects of adverse situations. This study is aiming to know the preference of the consumer about the investment made on insurance policies. So the study reveals the different attitude of consumer to words it. So, through this study the researcher tries to give some recommendation and suggestion for existing products and services of insurance.

Geetha and Vijayalakshmi (2014)\(^{35}\) observed that the Insurance Regulatory and Development Authority (IRDA) have created a special category of insurance policies called micro insurance (MI) policies to promote insurance coverage among economically vulnerable sections of society. Micro insurance contributes significantly to alleviate poverty and to raise the living standard of the people of the country. Hence, it is imperative to conduct a research study on the performance of MI and find out the relevant problems. The research study was


conducted in Coimbatore during 2013 with a sample of 100 MI (life) Policy holders. The objectives are to identify socioeconomic determinants of MI (life) demand in Coimbatore, to ensure the level of satisfaction of MI (life) holders, to identify specific problems relating to MI (life) and to achieve these objectives a research methodology was framed. The research design is both descriptive and analytical. Both primary (questionnaire) and secondary data were used. The data collected was analyzed with relevant statistical tools like percentage, mean score, Kruskal Wallis H-Test, factor analysis and Likert scale technique. From the analyzed data results were derived. Findings were summarized and presented in the research study. The study shows the growing popularity of MI (life) policy and the awareness among the public. Micro Insurance can play a crucial role as a comprehensive tool to reduce poverty, inequality and vulnerability, particularly where public social protection measures are inadequate and unevenly distributed.

### 2.5 REVIEWS RELATED TO LIFE INSURANCE POLICY HOLDERS PERCEPTION

Chowdhury et al., (2007)\(^{36}\) found that this is the law of nature that people have to live and play with hazards and to some extent insurance policy can free people from those frustrations. Even if this is true, people of Bangladesh still don’t prefer to insure themselves. One may think that the people of Bangladesh are risk lover; on the other hand other may contradict by saying that their low purchasing power doesn’t permit them to avail insurance policy. This study will highlight those issues relating to non popularity of insurance companies in Bangladesh. To find marketing side problems, Gap-model of service marketing will be fitted to the insurance industry of Bangladesh.

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Yusuf et al., (2009)\textsuperscript{37} described the Nigerians attitude towards the insurance institution. The attitudes, most often negative are mirrored through low patronage of insurance services. It discusses such social-cultural factors that account for these attitudes and what role marketing strategies can play to change such negative tide. Drawing from theoretical foundation, an empirical survey was conducted among 392 members of the public-insuring and non-insuring-to gauge their awareness level and general attitudes towards insurance companies and their operations. The findings present different demographical factors and their attitudes towards insurance companies and their services. It is expected that findings from such survey would constitute vital input for insurers in designing marketing strategies that would further stimulate and boost patronage and perception of insurance services.

Huber and Schlager (2011)\textsuperscript{38} explained that in real world decision-making under risk and uncertainty presents one of the most challenging areas of research nowadays. To date, only little is known about the underlying attitudes that present the foundation of decision-making. They develop a causal model examining the antecedents of consumers' purchase behavior in the context of long-term savings, particularly unit-linked life insurance products. Our experimental approach (n = 929) builds on two theoretical foundations: the risk as analysis and risk as feeling perspective which they apply to shed further light on the formation of product perceptions. Our research identifies a pivotal role of risk avoidance and uncertainty avoidance. Moreover, they complement our findings by investigating the conditions under which the two components exert their full influence on purchase behavior. The results indicate moderating effects of trust in the industry,


\textsuperscript{38} Huber C. & Schlager T., “To buy or not to buy Insurance? the antecedents in the decision-making process and the influence of consumer attitudes and perceptions”, Working Papers on Risk Management and Insurance No. 90, University of St. Gallen, (2011).
product guarantees, as well as expertise, which underline the risk as feeling and risk as analysis perspective.

Kothari, et al., (2011)\(^{39}\) stated that the life insurance is one of the most important social security measures undertaken in the country. Based on primary data generated through direct contacts, this study attempts to identify determinants of life insurance ownership in the country. This resulted into finding out what factors play very important role in life insurance policies purchase. Total 100 respondents were there used in this study. Item to total correlation was applied to check the consistency of the questionnaire. The measures were standardized through computation of reliability and validity tests. Factor analysis was applied to identify the underlying factors. The findings of this study provide the individual perception about the insurance policies.

Rajeswari and Kartheeswari (2011)\(^{40}\) determined that the customer satisfaction as the perception of customers on the service whether that service has met his needs and expectations. Service quality, personal factors, perception of equity and fairness, price, product quality, situational factors and attributions for service success or failure are the factors that influence the customer satisfaction. However, the perceptions and expectations of the policyholders who have taken the policies from Life Insurance Companies vary from person to person. This study emphasizes the perceptions of the policyholders about the service rendered by the LIC of India and intends to promote a better theoretical understanding and recognition of the complexities to service quality and its measurement with respect to life insurance. The study is based on 380 policyholders from Virudhunagar District situated in South Tamil Nadu. This study also examines the relationship


between the demographic factors and SERVQUAL mean score. To determine the reliability of the attributes, the Cronbach’s Alpha is used to measure reliability of the dimensions reliability, responsiveness, assurance, empathy and tangibles. The giant public sector life insurance company in the study area with their thick infrastructure facilities and network of branches enjoyed a monopoly status in spite of the competition with private players on the basis of their service quality. The opinion survey with the policyholders also brings to the fore that the LIC has served them well in regard to dissemination of product knowledge, issue of policies, after sales service before and after claim even though a slight discontent is reported by minority.

**Sandhu and Bala (2011)** inferred that the service quality has become a highly instrumental co-efficient in the aggressive competitive marketing. For success and survival in today’s competitive environment, delivering quality service is of paramount importance for any economic enterprise. Life Insurance Corporation of India, the leading insurance company has set up ‘benchmarks’ in enervating the whole concept of service quality. The present study aims to measure customers’ perception towards life insurance service quality by applying a framework developed by them. An advocated procedure has been used to develop, refine and validate a scale. Data has been collected from 337 customers from the three cities of Punjab (a progressive State of India). The findings of the study demonstrate that five-factor structure has been refined to seven factor construct (consisting of 34 items) representing Proficiency; Media and presentations; Physical and ethical excellence; Service delivery process and purpose; Security and dynamic operations; Credibility; and Functionality. Besides, the study also investigates the relationship between each of the generated service quality dimensions and customers overall evaluation of life insurance service

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quality. It reveals that among these seven factors, three viz., Proficiency; Physical and ethical excellence; and Functionality have significant impact on the overall service quality of Life Insurance Corporation of India. Managerial implications and directions for further research have also been discussed.

**Chandhok (2012)** explained that after the opening of the insurance sector in 1999, many new players have entered in the business of Life insurance sector; the degree of competition has increased multifold. The private insurance companies are launching new innovative insurance plans for their survival and growth. At the same time, Life Insurance Corporation of India has upgraded their quality of service to retain, maintain and attract new business. An attempt has been made to study the impact of privatization on LIC. The Development Officers were contacted to know their observations about the impact of privatization on their life insurance business and their views as how their life insurance business has been influenced by the opening of the sector. LIC has made a lot of changes in its operation and latest technology is being used to serve the customer. The customer grievances are properly attended and all maturity claims are settled to the entire satisfaction of the policyholders. The privatization of the sector has brought lot of opportunities for all the players. Under such situation, fittest of the fit will survive and the rest will vanish over a period of time.

**Gautam and Kumar (2012)** stated that the attitudes of Indian consumers towards the insurance services. The study has been made by collecting the responses of consumers through structured questionnaire on five point Likert scale. A total 377 responses were collected to assess the level of awareness about the insurance services and their attitude towards insurance services. Findings of the research show that basic socio demographic and economic variables have

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significant impact on consumers’ attitudes towards insurance services in Indian scenario. The findings of the present study may act as input for the insurance companies in Indian market to frame marketing strategies based on socio demographic and economic variables.

Jain and Saini (2012)\textsuperscript{44} stated that the consumer demeanor is the study of when, why, how, and where people do or do not buy a products/services. It blends elements from psychology, sociology, social anthropology and economics. The study of consumer behavior provides marketers to understand and predict the future market behavior. Life Insurance is the fastest growing sector in India since 2000 as Government allowed Private players and foreign direct investment (FDI) up to 26%. Life Insurance in India was nationalized by incorporating Life Insurance Corporation of India (LIC) in 1956. Life insurance industry in India being in nascent stage has been found very sensitive to myriads of issue particularly when someone talks of buying pattern. Consumer choice of one product over other products has been the issue of concern for many of the researcher and for the organization, who has already putted lot of hard work in developing the product. Their research discuss about the effect of demographical element in consumer purchasing attitude for Life Insurance in India.

Jedda (2012)\textsuperscript{45} expressed that today’s dynamic environment has created an abstract life to the customers’ right from product selection to purchase and using of services. The change management strategies adopted by the companies have not made significant impression in creating knowledge to the customers about a particular product or services. In view of these aspects, the present study focuses on customer knowledge management (CKM) issues with reference to the life insurance sector. In this study an attempt is made for understanding the CKM

model and the need for customer knowledge management issues especially for life insurance products, the strategies adopted by the companies in providing the knowledge to its customers and the problems and remedies with reference to CKM adopted by the life insurance companies. The study is based on primary and secondary sources collected from the representatives of select companies and as well as from the customers.

**Kavitha (2012)**\(^{46}\) examined that the customer attitude towards the General Insurance. A study has been conducted at Erode district with the sample of 750 respondents to find out the satisfaction level of the policyholders in the study area. In this context, the respondents’ opinion on the various related statements were collected with a 5 point scaling. Factor analysis, an important multivariate technique has used to reduce the large number of factors in a small group of factors. Under the extract in method, the principal component analysis has been used with Varimax rotation and Kasier normalization. Among the 25 statements given it has been condensed into 6 factors which are to be the different type of policy holders conscious. This study helps to find out the various customers which are having different expectations from the General Insurance Companies in the study area.

**Rao (2012)**\(^{47}\) observed that insurance occupies an important position in the financial sector of an economy. In a period of half a century, the insurance sector in a country has come in a full circle from being an open competitive market to competed nationalization and then back to a liberalized market. The entry of private player’s in the Indian insurance market has change the nature of competition. But LIC (Life Insurance Corporation of India) continuous to be the

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dominant life insurer even in the liberalized scenario of Indian insurance and it moving fact on a new growth trajectory surpassing its own past records. Customer loyalty depends on satisfaction of his multiple needs. They know them only when they are told about those needs. The Life Insurance Corporation of India has devised several life policies to satisfy these diversified needs of the customers. The main objective of this research is to study the policyholders’ perceptions on LIC Policies and Services with reference to Srikakulam district in Andhra Pradesh.

Venugopa (2012)\textsuperscript{48} presented that life insurance is intangible in its nature hence majority of the Indian population cannot understand its meaning. After history of more than two hundred years of life insurance sector history in India it is still under penetrated with 27 to 27 percent. Almost all the insurers knows that it is not bought and it has to be sold, even still there are lot of misconceptions in the minds of Indians towards the concept of insurance hence it caused complications in marketing its products. In reality making the uneducated, rural and economically backward people to understand the insurance concept is a challenging task. Insurers may succeed if they know the attitude of uninsured and develop separate strategies for them. Marketing activities of life insurance companies is all about to inform, bringing awareness, develop belief, to form positive attitude, to reinforce trust etc. in the minds of the consumers by using tools such as advertising, public relations, displays, word of mouth, sales promotion, personal selling etc. Insurers may form positive attitude or may cause negative attitude so knowing the feelings of respondents found essential. Today customers are more informed with number of options; even still majority of the population in India is still uninsured or in some cases trusts only LIC. Therefore it is the duty of all insurers is to study the attitudes of people towards life insurance to reinforce trust and to change the attitude in the customers.

Ahmed (2013)\(^{49}\) examined that in spite of awareness about insurance in India, rural India still lacks in terms of availability of various financial products especially the risk products like insurance. Rural insurance statistics still indicates a significantly low penetration and poor density even after the privatisation of insurance sector in 1999. Rural India offers a tremendous scope for insurers where the protection of human life and income generating assets is a matter of concern. Regulators have also tried to impose rural insurance obligations for the insurance companies. This study examines the present state of affairs of rural life insurance in India and attempts to explore the issues and challenges which led to poor penetration of rural life insurance markets. A field survey in Aligarh and Agra Region of the rural customers has been conducted to examine their perception and attitude towards buying life insurance products. This study also summarize the rural insurance marketing practices by life insurance players in India and offers suggestive remarks for capturing the rural potential and lastly this study discuss about micro-insurance and its challenges in short details which is an opportunity as well as a responsibility.

Chudgar and Asthana (2013)\(^{50}\) stated that the Insurance fraud is one of the most serious problems threatening viability of insurance companies. Insurance frauds are driving up the overall costs of insurers and premiums for policyholders. It encompasses a wide range of illicit practices and illegal acts. Insurance companies have witnessed increase in the number of fraud cases since couple of years. Risk Management has been acquiring monumental importance in insurance industry. Insurance business is of dynamic nature that puts an additional onus on risk management. So, insurance companies need comprehensive risk management


strategies that involve fraud risk assessment and fraud prevention. The purpose of this study is to analyze various types of life insurance frauds, assess the risks associated with these frauds and finally frame an ideal risk management strategy to curtail or minimize the frauds associated with life insurance. The existing literature on life insurance fraud is used to explore the fraud risk management and internal control system of various organizations.

Dash (2013)\textsuperscript{51} explained that 'People' is the result of the changing marketing strategies to cater to the service products. This study tries to compare the perceptions of both the buyers and the sellers of life insurance products regarding this valuable element of 7P's and its impact on the customers' policy buying decisions. It is assumed that both the customers and the executives (of both urban vs. rural area as well as LIC vs. private companies) possess the similar perceptions about the impact of 'people' on the customers' willingness to buy a policy. This element involves some parameters concerned with both the buyers and the sellers outlined as: Employees, Customers, Training, Incentives, Promoting interaction programmes, educating the customer, Understanding the consumer, Promoting customer's involvement, more humane approach. Various statistical tools were used to find out any possible differences in the perceptions among the various categories of respondents. Further, to find out significant variation among these particular categories, t-Test was applied. It was found that there was a major difference between the customers and the executives cutting across all the categories, be it the company or the locality. This study helps the life insurers to understand its customers and their needs better.

Dhanasekaran (2013)\textsuperscript{52} stated that the Indian insurance sector has changed rapidly ever since the market opened several years ago. The entry of Private Life Insurance with long experience of selling to discerning customers around the world has brought about new, modern products and service. This has resulted in a shaper growth in the Life Insurance market, which still has huge un-tapped potential. These new breed of private Life Insurance Companies are taking away the market share from LIC, a monopoly of early years. In early days Life Insurance policies are considered as an instrument, which gives life cover only. But today, Life Insurance policies with the caption of market-linked plans are considered as a savings instrument with life cover. This study provides detailed report on the factors influencing in selecting an Insurance product with special reference to HDFC Standard Life Insurance Company Limited. This research will help the company to identify the factors influencing in private insurance products. This research has been done in Coimbatore with special reference to HDFC Standard Life Insurance Company Limited by selecting a sample of 200 people. It focuses on ascertaining the process of selecting an Insurance product by customer. “The objective of this project is to study on the decision process in selecting an Insurance product.” The research design used in this project is “Descriptive “. Questionnaire method was used to collect the requisite data. The statistical tools used for analyzing the data are simple percentage, weighted average and Chi-square test. The agents play a very significant role in the factors influencing an insurance product. People desire to have specific insurance products. The detailed findings and recommendations are given in the final pages of this report.

Mushtaq (2013)\textsuperscript{53} determined that defines the effect of services provided by the insurers and its role in building customer attitude. Every business these days of cut throat competition need to focus on their customer to maintain themselves in the market. Moreover their competence depends more on the attribute that how they treat their customers their needs, demands and attitudes. The current study is conducted in the city of Lucknow – India concerning about 150 respondents all of which are the insurance customers. This study tries to analyze the attitudes of the customers regarding the services especially after sale services provided by their insurers and also tries to give results accordingly.

Nagarajan (2013)\textsuperscript{54} elucidated that Indian Insurance Industry recorded several milestones in the past hundred years. Currently it has grown tremendously, with stringent regulatory framework protecting the interests of the Investors. Life Insurance Corporation of India is the Public Sector undertaking which is the market Leader, in Life Insurance Sector. A descriptive study was conducted on Unit-Linked Insurance Plans (ULIP) by selecting top five Private Insurance Companies in India. The performances of all the products were tested for their dependency on the performance of stock market using the Hypothesis. ROR and Annualized ROR were used as tools for Data Analysis and Correlation with t-Test was used for testing the Hypothesis. From the study it can be concluded that, Reliance Life has good returns for the Investors, and can be further improved. At the same time, company has to understand the product of its competitor (PNB Met Smart), which is performing better.

Natarajan (2013)\textsuperscript{55} stated that the globalization and technology improvements have forced the companies into tough competition. The ability to identify profitable customers and then customize marketing on the basis of customer value has enabled many companies to punch above their credence in today’s competitive environment. While getting customers is fundamental to business success, retaining customers is more important. Peter Drucker observes that “the purpose of a business is to create customers.” In today’s economy, companies desire their image in the marketplace to be positive, despite the need to contain expenses on unprofitable customers. The competitive market position and the good reputation of a company can quickly translate into market share and profit, but that distinction is often earned only through a philosophical commitment to service backed by diligent attention to what customers want and need. Today’s businesses are facing fierce and aggressive competition while operating in both a domestic and a global market. Most managers and marketers would of course agree that establishing long-term business relationship is essential for development and survival. According to Lewis, the world has never been so interdependent. All trends point to co-operation as a fundamental, growing force in business. Today marketing is not just developing, delivering and selling, it is moving towards developing and maintaining mutually long-term relationships with customers. This new business philosophy is called “relationship marketing”, which has attracted considerable interest both from marketing academics and practitioners.

Subban (2013)\textsuperscript{56} explained that the life insurance business in India has witnessed rapid transformation since 1999, when this sector was thrown open to

\begin{footnotes}
\item[56] Subban J., “A Study on the Attitude of the Life Insurance Investors with Reference to the Nilgiris District of Tamil Nadu”, A Journal of Nehru Arts and Science College (NASC) (2013), 1(2), 39-44.
\end{footnotes}
the private sector when the Government allowed private players and FDI up to 26%. Today, 23 life insurance companies (1 public sector & 22 private sectors) engaged in this business, many of which are joint ventures involving foreign firms. There is a dramatic change in the numbers and variety of insurance products on offer, and the ways in which they are marketed and distributed. Today, people were very aware about the insurance companies and their products. In India 20 percent of the people invested in the life insurance companies. A universal truth about life insurance is that People do not buy life insurance, it is sold to them. And especially in India this is unfortunate and true. This study deals with the awareness and attitude of the life insurance investors’ with reference to the Nilgiris District of Tamil Nadu. This study is based on the primary data for 800 respondents are taken for convenient sampling.

Venkaiah and Sudhir (2013) explained that the decade of 90s, saw the emergence of liberalization. Liberalization means lifting governmental restrictions and allowing competition to play free role in the economy. With respect to insurance business, liberalization means allowing private enterprises to operate in this particular sector. The main private insurance companies which are challenging the monopoly position of LIC are TATA-AIG, SBI Life, Reliance, ICICI Prudential, ING Vysya, Max New York life etc. Prakasam district is well known for its cultivation and people are well educated. The survey attempted to secure the opinion of Insurance policy holders towards private Insurance companies in Ongole town. The data was collected from a sample of 200 policy holders with the help of a structured questionnaire. Convenience sampling technique was adopted. The major findings of the study include that very few policies are better alternative for LIC policies, the private insurance companies should try to increase the age limit and to reduce the hidden cost, confidence on private Insurance companies

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because of the supervision of IRDA. Majority of respondents have awareness about medical policies. The researcher feels responsible to suggest that the private Insurance companies should design better Insurance policies, augment the age limit and reduce hidden cost to cope up the competition with LIC. Health insurance is one of the untapped areas of insurance, so the private insurance companies should focus on this area too.

**Vinoth (2013)**\(^{58}\) stated that the life insurance is an excellent way of providing retirement savings and also protecting families from financial hardship. For women, life insurance is often a more effective way of saving for retirement. The research study is entitled “Attitude of Working Women in Private Banks towards investing in Life Insurance with special reference to Coimbatore City” with the objectives of to study and analyze the preference of Life Insurance products, To analyze the kind of policy mostly preferred by the private bank working women’s, the reason for investing in Life Insurance and to find the satisfaction of working women on the quality of service of the Insurance Companies. It found that majority of the Private Bank Working Women’s were prefer Life Insurance Corporation of India for investing in Life Insurance Policies, Money Back insurance policy is the most familiar kind of policy among the private bank working women’s and savings and tax benefit are most common reason for investing in Life Insurance Policies.

**Muthukumar and Rajesh (2014)**\(^{59}\) identified that the life insurance plays a significant role, in the individual lives as well as the society. For the individuals, life insurance is a life saver since it offers protection and extends a hand of protection to those who feel depressed and are left without any support due to the


sudden, unexpected demise of the breadwinner of the family. It has an element of saving for investment in future. It offers a safe and secured future, by providing financial assistance at times of need that is for meeting the educational expenses of the children or marriage and so on. It provides loan facilities which improve the credit worthiness of the policy holder. A life insurance policy may be used to avail loan facility, directly from the life insurance company or can be given as a collateral security for obtaining financial assistance from banks and other financial institutions. In case of death, life insurance provides security for the family and provides guaranteed payment when there is reduction in the earning power, due to old age, sickness, accident and so on. Life insurance is a means of savings and the relief given by the government towards the savings, promotes the habit of thrift and savings among the people.

Shobha (2014)⁶⁰ evinced that the life insurance industry in India is one of the hard-core parts of the service sector. It not only provides safety against risk for individuals, but also creates the savings and investment habits among the individuals. The life insurance sector by its nature attracts long-term funds, which are invested in productive heads of the development of the Indian economy. In spite of its greater importance, the awareness and penetration of life insurance is very low. After opening up of the insurance sector to the private players, the GDP from life insurance and its penetration have increased, which reveal that the insurable population is more and there would be more opportunities for any new entrant. In the globalization regime, insurance companies face a dynamic global business environment. Radical changes are taking place owing to the internationalization of activities, the appearance of new risks, new types of covers to match with new risk situations and unconventional and innovative ideas on customer service. In my study, there is no significant relationship among the

acceptance level of the respondents belong to different genders, age groups, occupations and income groups towards perceived service quality in LIC of India. The policyholders state that the LIC of India has not been able to provide quick service. A long delay in making available the services to the policyholders may erode the credibility and goodwill as well as policyholders’ confidence. Therefore, the business continuity planning should be an integral part of services offerings of the LIC of India.

2.6 REVIEWS RELATED TO LIFE INSURANCE POLICY HOLDERS SATISFACTION

Arulsuresh (2011)\textsuperscript{61} suggested that the success of the life insurance business depends on the awareness of the policyholders about the products and satisfaction of the policyholders regarding the service rendered by LIC of India. Life insurance being a service sector is no exception to this principle. The basics of Customer Relations Management (CRM) include a business strategy that focuses on developing and retaining the relationships existing between customer and organization. CRM also provides the customer with a much needed avenue to find expression for his problems, ideas and suggestions. Hundreds of sales leads are lost yearly as disinterested employees pay slack attention to customer suggestions. A venue is required for these suggestions. This is supplied by CRM implementation.

Dhanabhakyam and Kavitha (2011)\textsuperscript{62} stated that the life insurance is the fastest growing sector in India since 2000 as Government allowed Private players and FDI up to 26%. Life Insurance in India was nationalized by incorporating Life Insurance Corporation (LIC) in 1956. All private life insurance companies at that

\textsuperscript{61} Arulsuresh, “Empirical Study on Satisfaction of the Policyholders towards the Services Provided by LIC of India in Madurai Division”, International Journal of Multidisciplinary Research (2011), 1(8), 552-557.

time were taken over by LIC. The insurance sector went through a full circle of phases from being unregulated to completely regulate and then currently being partly deregulated. It is governed by a number of acts. The growth has opened an array of opportunities for global firms to either set-up their division in India or to enter into a joint venture with the Private Insurance Companies in India. In this study clients satisfaction towards private life insurance companies are discussed. Three objectives are framed for the analysis. The private life insurance company should have a clear vision and mission that should be known to all the stakeholders like employees, agents, customers and business associates. To achieve greater insurance penetration, private sector insurance company is to create a more vibrant and competitive industry, with greater efficiency, choice of products and value of customers.

Rajkumar and Kannan (2011) explained that the life insurance or life assurance is a contract between the policy owner and the insurer, where the insurer agrees to pay a sum of money upon the occurrence of the policy owner's death. In return, the policy owner (or policy payer) agrees to pay a stipulated amount called a premium at regular intervals. From an investor's point of view, an investment can play two roles - asset appreciation or asset protection. While most financial instruments have the underlying benefit of asset appreciation, life insurance is unique in that it gives the customer the reassurance of asset protection, along with a strong element of asset appreciation. The core benefit of life insurance is that the financial interests of one’s family remain protected from circumstances such as loss of income due to critical illness or death of the policyholder. Simultaneously, insurance products also have a strong inbuilt wealth creation proposition. The customer therefore benefits on two counts and life insurance occupies a unique

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space in the landscape of investment options available to a customer. Life insurance allows long term savings to be made in a relatively painless manner because of the low and convenient investments made through premiums. Moreover, it encourages 'forced thrift' which means the insured is made to pay premiums and save money, which he/she may not do in the regular course of life. More investment options make ones money work harder, but there are no substitutes to the life insurance. Because only a life insurance gives one both – risk cover against one’s life as well as returns on the money invested. Amongst the most known benefits of Life Insurance is the savings on people income taxes. Most importantly it provides people with that unique sense of security and peace of mind that no other form of investment provides. So, a life insurance policy is an ideal tool to gain security and ensure savings. Life insurance cannot be compared with any other form of investment as life insurance gives people a lifelong benefit and returns on their money when it is most required. The money stays invested for a longer time and thereby maximizing returns through the power of rupee compounding. This study mainly deals with customer satisfaction of life insurance policies with special reference to Max New York Life Insurance, Chennai.

Bhattacharjee and Dey (2012) observed that life insurance being a social provision to partially compensate for financial losses of an individual needs up gradation and innovation to suit the complex needs of customers in 21st century. The growth of life insurance market is directly linked to the present perception and satisfaction of customers with their life insurance policies. It is always wise to periodically judge the changing needs and requirements of customers to further innovate products. Previously, the main objective of buying insurance was protection for dependents. However, insurance now has become

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more than just a hedge. Customers are now beginning to incorporate insurance plans while drawing up their financial plans. Companies should plan and offer products which can assist their customers in fulfilling their exact set of needs. Hence, insurance companies must move from selling insurance to changing need identification and offering suitable products to satisfy those. The present empirical study is an attempt made to find the satisfaction level of Customers towards their present life insurance policy/s.

Biswamohan and Bidhubhusan (2012) observed that on a global scale a number of insurers are competing and offering the customers a plethora of products. The customers are demanding quick and better service from the service providers. For the insurance companies to survive competition, they have to upgrade the quality, transparency and integrity to acquire and retain customers in long range. They need a set of offers and the value proposition to be delivered to the target potential customers, which needs a thorough market research to understand the needs of the customers and accordingly launching the products to match with customer’s expectation. Since the initiation of liberalization, privatization and globalization, successive governments have tried to keep pace with a rapidly changing global scenario. The doors for private participation were opened in a number of sensitive sectors, insurance being one of them. For the past few decades, insurance was looked upon as a tax-saving investment product. While the opportunity for the players is the huge untapped potential, the challenge is to establish a long-term reputation, also to serve the customers in a sophisticated way by introducing the innovative offerings. This research study is the based on impact of customer relationship management practices on insurance sector in Odisha market. In this study customer’s opinions have been collected through a structured questionnaire to understand the effectiveness of CRM implementation

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in relation to the companies like AVIVA, LIC of India, ICICI prudential, Birla sun life and Reliance. Here to measure the customer satisfaction gained by above insurers, factor analysis and t test have been used considering the factors of satisfaction.

**Borah (2012)** explained that the modern concept of marketing emphasizes on the satisfaction of customers. Marketing begins and end with the customers. Customers are the King in business. The study analysis the service quality perception of 50 customers in Jorhat, Assam chosen from Kotak Mahindra Life Insurance Company to access their satisfaction level and also identify service factors which have the maximum impact on customers’ satisfaction. For choosing the sample, non-probabilistic judgment-cum-convenience sampling technique was used. The finding of the study shows that most of the customers are satisfied.

**Ibrahim and Rehman (2012)** observed and reckoned among the fastest growing industries, the life insurance industry of India has 23 license-holders running their business in this sector. The Life Insurance Corporation of India (LIC), which is the only player in the public sector, contributes over 70% to the business. The remaining area is covered by the 22 private sector companies. Life Insurance Corporation of India (LIC) was established on 1st September, 1959, with the objective of spreading life insurance much more widely and in particularly to the rural areas with a view to reach all insurable persons in the country, providing them adequate financial cover at a reasonable cost. LIC continues to be the dominant life insurer even in the liberalized scenario of Indian insurance and is moving fast on a new growth trajectory surpassing its own past records. The study would provide some insights into the areas, specifically

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consumer protection and the awareness with reference to the grievances settlement operations of the Life Insurance Industry in India. The study is diagnostic and exploratory in nature and makes use of secondary data. The study finds and concludes that the Life Insurance Industry have significantly improved their performance with regard to redress the grievances of the insurance customers (policyholders).

**Krishnan and Selvamani (2012)** stated that the customer satisfaction as continues to be one of the most important topics in insurance companies. Consequently, theorists are continuing to explore new models and methods that may unlock meaningful information about customer satisfaction. This study was conducted on in various parts of Chennai city who had taken policies. This study was done through the being asked to fill up the questionnaires which were specifically designed to find out their satisfaction level towards the insurance policies of HDFC SLIC. The company deals with varieties of policies like individual products, group products, social products and rural products. The company has number of customers. The research design used for this study is descriptive research. The data were collected on both primary and secondary data. The sample size of the study is 150 customers used to this study. Data analysis was carried out and findings are listed down. Suitable suggestions have been provided and hope it’s useful for the company. This study revealed that the most of them are satisfied with the policies they have taken and there are certain who were not comfortable with the company policies. The company should take these into consideration and have to improve where they are weak.

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Patil (2012)\textsuperscript{69} stated that Life Insurance Corporation of India (LIC) is the India's largest Life Insurance Company. LIC has acquired monopoly power in the solicitation and sale of Life Insurance Policies in India. LIC has registered a six per cent increase in market share to 78 percent during the current financial year. LIC's market share at the end of March 31, 2011, had stood at 72 per cent of all new policies sold during the last financial year (2010-11). The combined market share of 23 Private Life Insurance Companies has 22 per cent during the current fiscal, according to the latest figures. LIC has 53 products in his portfolio and sold around 80 lakh policies till the end of July 2011. LIC has set the new target of Rs. 54000 crores as a first premium income for 2011-12. LIC has a 78 per cent share because the private sector companies focus more on big ticket premiums, while LIC offers at a minimum premium of Rs 250 with life insurance value of Rs.30,000. This enables the public sector company to achieve the social objective of taking its insurance cover to a wider range of the country's population. LIC also has the lowest outstanding claims ratio. LIC had settled 99.8 per cent of death claims while the Private Sector Companies had settled 96.8 per cent of such claims. In this research, he studied Customer Satisfaction towards Life Insurance Corporation of India (LIC), because Consumer Satisfaction is the first step to Achieve Consumer Loyalty. If the customers of Life Insurance Corporation are Satisfied and Happy and then only they may be Loyal to the LIC.

Kalani et al., (2013)\textsuperscript{70} found that to determine the claim settlement ratio of LIC with other insurance company in India for year 2009-10, 10-11 & 11-12, & to know about customer opinions of LIC policy holder related to claim settlement policy with help of small survey in Jalgaon branch. Primary data collected through Interaction with the staff members in corporation & questionnaire filled by LIC


customers and secondary data through published reports, newspapers, journals, & websites. The LIC is India number one insurance company who has very low claim pending ratio & very high claim settlement ratio with compare to other insurance companies in India. The maximum customers are satisfied with existing claim settlement policy of LIC.

Kathirvel and Radhamani (2013)\textsuperscript{71} examined that the Insurance industry forms an integral part of the Indian financial market, with insurance companies being significant institutional investors. In recent decades, the insurance sectors, like other financial services, have grown in economic importance. The insurance sector, along with other elements of marketing, as well as financial infrastructure, have been touched and influenced by the process of liberalization and globalization in India, every company is trying to implement new creations and innovative product characteristics to attract the entry of private players, the competition is becoming intense. Today numerous public and private insurance companies are providing Life Insurance Services to a large number of clientele and there has been mushroom growth in their numbers and size in India. There is a transition from “sellers market” to “buyers market”. The efficiency of insurance sector depends upon how best it can deliver services to its target customers and how far expectations of customers are met. The major objectives of this research are to ascertain the socio-economic profile of sample respondents and identify the determinants of satisfaction of policyholders in private life insurance companies. Methodology of this study is based on the analysis of the data collected from three hundred individual policy holders by using interview schedule method. The interview schedule was kept respondent friendly to make a quality of questionnaire. Interview schedule was the main tool used to collect the pertinent data from the selected sample respondents. Primary data has been collected for

this present study. The primary data was collected from three hundred sample respondents from Tirupur district, by adopting simple random sampling method. Through the analysis of the study, it is identified that Marital Status and Number of Policies are found to be associated with policy holder’s satisfaction. To conclude this study, is an attempt to measure the various parameters as perspective by the policy holders and to help the insurance company in serving its policy holders in a much better and efficient manner.

Khan (2013)\textsuperscript{72} observed that consumer satisfaction is always a question mark in minds of sellers as it is very difficult to find that what exactly consumer want from the seller. For the very same reason this research is conducted that how customer satisfaction can be gained with the help of customer value and relation base marketing. Customer satisfaction is one of the most important issues in marketing field from beginning and its play a crucial role in firm profit maximization. Study collect data from 150 policy holders of different insurance companies of Peshawar Pakistan on systematic random sampling method. A structured questionnaire used to collect data from the respondents. Study shows that value added services and conflict handling are the major reason for the customer satisfaction. Managers can use this study and can implement these findings in their business for their customer satisfaction and more money earnings.

Rai and Medha (2013)\textsuperscript{73} stated that the most decipherable and widely applicable antecedents of customer loyalty. It explores the extant literature on customer loyalty and brings out seven variables which are responsible for formation of customer loyalty. Further, the relative importance of these variables has been ascertained through Multiple Regression Analysis which revealed that

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service quality and commitment are the strongest predictors of customer loyalty in the Indian life insurance industry. The study also attempts to assess the loyalty status of life insurance customers in India and draw a comparison between public and private sector life insurance companies in order to provide significant insights to the life insurance companies that may assist them in devising better loyalty practices. The findings suggest that Indian customers do care about the public sector status of a financial service provider as it entails a sense of security and stability and thus creates a difference between customer loyalty of public sector life insurer and that of private sector life insurer. The study holds significant implications for academicians interested in dynamics of customer loyalty as well as the marketers of life insurance services who are concerned with customer relationships.

**Russell et al., (2013)**\(^{74}\) analyzed the life insurance policy surrender activity to determine whether surrender is a function of certain macroeconomic variables and therefore, highly correlated across policies. Results support the Emergency Fund Hypothesis and the Interest Rate Hypothesis. In addition, they provide evidence that surrenders is significantly related to policy replacement activity, which they refer to as the Policy Replacement Hypothesis. The significant relationship between policy surrender and macroeconomic factors strongly supports insurer efforts to understand and actively manage disintermediation risk via insurance contract features and investment policy.

**Upadhyay (2013)**\(^{75}\) identified that the present era is paving its way through the fast emerging competitive scenario in the investment in insurance sector. And finance industry and its rapidly progressing towards the universal policy holder,

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i.e., protection based. This study is presented in policyholder’s protection in insurance and risk management sector. It highlights the policyholders’ protection in insurance sector and finance society. And policyholders’ perception regarding the insurance sector and the problem being has been faced by them. Through this study an effort is made to remove the wrong perceptions. The overall analysis is the whole protection of the every policy holder which is invests in the insurance.

Koushkimagd et al., (2013)\textsuperscript{76} explained that in view of the increasing importance of customers for organizations, effective and efficient relationships with customers has become a vital issue for organizations like insurance companies and considering the current weak situation of insurance companies in life insurance policies has reduced their market share and productivity. Customer relationship management (CRM) is therefore proposed as an effective solution. CRM will play an important role in the profitability of this company (IIC). In the long run, customers' profitability will be more than in short term and insurance companies will have a better place in competition in economic recession and guarantee their customers' loyalty. In the present research, the impact of CRM dimensions like trust, commitment, mutual relationship and conflict management on customer's loyalty was measured. This research is an applied research and it is descriptive from data gathering viewpoint and it is a survey research. Statistical population of this research was life insurance policyholders of IIC in Kermanshah city between 2009 and 2011 (656 people) and 125 people were selected as sample size by means of simple accidental sampling method and questionnaire was used as data gathering tool. Results showed that trust, mutual relationship and conflict management dimensions had positive impact on CRM and this increased customers' loyalty. But commitment had no impact on CRM and therefore no role in customers' loyalty.

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Balasubramaniam (2014) observed that Postal Life Insurance (PLI) is the oldest Life insurer in India and it offers seven different plans to the employees of Central and State Governments, public sector companies, educational institutions etc. His empirical and analytical study aims to measure the growth of PLI and also analyze the policyholders’ satisfaction. The responses were collected from policyholders who are working in postal department, educational department and the public sector banks in Coimbatore and Tiruppur Districts of Tamil Nadu State. Purposive sampling technique was adopted and questionnaire has been used to collect primary data from policyholders. This study measures the growth of PLI with the help of no. of policies attracted by PLI and its sum assurance. Secondary data has been collected from official records of Department of Posts during the periods from 2001-2002 to 2009-2010. The study reported that there is a less annual growth of PLI during the study period from 2001-2002 to 2009-2010. Further, the policies attracted under PLI on yearly average base during the study periods was 29,75,388 nos. with its sum assurance of Rs. 257 Billion. In addition, policyholders’ perception towards their satisfaction survey reported that more than 4/5th of them having high satisfaction about PLI. The availability of loan facility to the scheme, procedure for settlement of claims, bonus offered by PLI is the major drivers for determine the satisfaction level among policyholders. The chi-square analysis reveals that personal factors like gender, age group, monthly income and purpose of saving of the policyholders is not associated with their satisfaction.

Molazadeh et al., (2014)\textsuperscript{78} found that to analyze the policyholder's satisfaction from life insurances and the factors affecting it in four under investigation companies. For this purpose, four indexes have been taken into account, including: innovation, exaggeration in describing life insurance, disagreement between expectation with reality and non-financial performance. For the purpose of collecting data, the way of probable classified sampling has been applied. With regard to the measure of the sample, 316 questionnaires have been distributed. Research results show that there is a meaningful relation between innovations, exaggeration in describing life insurance, disagreement between expectations with reality, non-financial performance and policyholder's satisfaction.

Sogunro and Abiola (2014)\textsuperscript{79} observed that the modern societies belief life insurance scheme, which is designed to be backbone of man survival, ensure financial security and offers readymade source of long term capital financing for the infrastructural project is capable of combating the besetting problem of man so that life can be made easy and continuous. The dramatic increase in competition within the insurance sector and the needs of insurance by people has concurrently resulted in more policy options being available in Nigeria market. The different types and attributes of life insurance plans are to provide quality in the products, so as to satisfy human wants. This study is carried out to measure the buyers' trade-offs among multi-attributed products and services (utilities) that are derived from purchasing a particular life insurance plan using descriptive statistical analysis (Mean Score). The result show that the policyholders generally are not satisfied with the Life insurance products based on the attributes attached to each of the product.


Viswanathan and Karthi (2014)\(^80\) observed that the competitive climate in the Indian insurance market has changed dramatically over the last few years. At the same time, changes have been taking place in the government regulations and technology. The present study is to analyze the Satisfaction level of LIC policy holders related to investment in particular policies provided by the LIC of India, and to know about the policy holders knowledge and experience in investing particular policies, to find out the reasons for purchasing the policy from LIC of India. They suggest Life Insurance Corporation of India should introduce many new products in the market which have competitive advantage over the products of Private Insurance because the private Insurance companies have introduced some new innovative services to attract the customers by offering more bonus facilities and attractive services.

Ahmed and Kwatra (2014)\(^81\) investigated that aims at evaluating the quality of insurance services in India through customers’ assessment, with the objective of finding how this can be used to boost the demand for insurance which is presently low in India. Questionnaire was administered to wide spectrum of insurance customers who had insurance policies in India, in order to gather information related to their perception of quality. Descriptive analysis such as percentage and table presentations was used to analyze the collected data. The study revealed among other things that prompt claim settlements is the most important factor considered by the customers of insurance companies in India in their evaluation and measurement of quality of the policies they are holding. The study therefore recommended that the culture of delay in premium payment or

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non-payment should be stopped and organizations should look inward to see the reasons why the payment of premium is a problem.

2.7 REVIEWS RELATED TO INSURANCE SERVICE QUALITY

Goswami (2007)\textsuperscript{82} noted that the insurance industry in India was opened upto private sector participation in the year 2000. Prior to this, Life Insurance Corporation (LIC) of India was the sole player in the life insurance industry in India. In six years, since the entry of private players in the insurance market, LIC has lost 29\% market share to the private players, although both, market size and the insurance premium being collected are on the rise. In 2005, life insurance accounted for 79\% of the total insurance market in India. In view of the increasing competition, this study attempts to understand the dimensions of service quality, which helps ensuring maximum customer satisfaction and hence, helps life insurers to acquire a larger share of the market. The study was done on a systematic sampling design. SERVQUAL scale was used to discern the different dimensions of service quality and stepwise multiple regression was run with the scores on tangibility, reliability, responsiveness, assurance and empathy as independent variables and customer satisfaction as the dependent variable. It was found that the responsiveness dimension of service quality provides maximum customer satisfaction in the life insurance industry in India.

Vijayalakshmi and Keerthi (2007)\textsuperscript{83} explained that customer service assumes vital importance in the marketing programmes of all modern organisations, specifically service organisations. As insurance is a service industry, the main focus is on the efficient and effective delivery of services to the

policyholders. The most important factors in the insurance industry are, security of the amount insured and customer satisfaction. The best way of surviving and prospering in the competitive environment is through providing prompt, relevant and efficient customer services at measurable cost. After the liberalization of the insurance sector, it has been duly realised by all the players that, offering “quality service” is the only differentiating factor to attain sustainable growth in the competitive environment.

Siddiqui and Sharma (2010) observed that liberalization of the financial services sector has led to insurance companies functioning increasingly under competitive pressures; so companies are consequently directing their strategies towards increasing customer satisfaction and loyalty through improved service quality. The present study strives to develop a valid and reliable instrument to measure customer perceived service quality in life-insurance sector. The resulting validated instrument comprised of six dimensions: assurance, personalized financial planning, competence, corporate image, tangibles and technology. Further the results of analytical hierarchy process highlighted the priority areas of service instrument with assurance is the best predictor, followed by competence and personalized financial planning. The gap scores show that there is ample room for improvement in all the aspects related to service quality. These results would help the service managers to efficiently allocate attention and resources among these dimensions on the differential basis, consistent with the customer priorities. These findings can be transformed into effective strategies and actions for achieving competitive advantage through customer satisfaction and retention.

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Dinesh et al., (2011)\textsuperscript{85} stated that the research study aims to assessing the service offered by the Reliance Life Insurance Company Limited in South Tamil Nadu, along with compare those key service dimensions with their perception and satisfaction. Questionnaire was used as a tool for procure data from the policyholders and those data used to evaluate the level of perception and satisfaction for the construction of questionnaire which include 17 questions for testing the attributes for perception and 6 questions were used to testing the attributes for satisfaction with the rating scale provided as 5 point scale. Chi-square test used to testing the significant level of perception and satisfaction with demographic data provide by the policy holders. Major findings of this research study are: Professional category respondents have high perceptional level with regards to the financial credential of the company, Most of the respondents have high perceptional level in servicing aspect of timely reminder of dues, most of the respondents have high satisfaction level of claim admissibility and claim settlement and Salaried class respondents mostly satisfied for taking insurance as a tax exemption tool. Major suggestions of this study are: Improving the behaviour of employees towards the customer centric approach and improving the response level of employees towards customer requests, appoint a person for collecting renewals in the convenient time of the policyholders. All the operating office must be installed with Touch screen facility for proving information instantly

Mojekwu (2011)\textsuperscript{86} observed that the life insurance contract is under which one party pays a certain sum of money referred to as premium to another party in return on the happening of specified contingency (ices). These contingencies include: deaths, maturity, surrender lapsed and paid-up. These however, operate


simultaneously as mutually exclusive events that impinge negatively on the life assurance portfolio. Most life assurance policyholders complain of the adverse effect of inflation on the policy values at the time of payment on the happening of the contingencies. This has resulted in a high rate of lapse, surrender and conversion to paid-up status. This study therefore, investigates the effects of these multiple decrements on life assurance portfolios, which resulted in the hypothesis propounded and tested in this research. Based on the findings, the study recommends that life insurance companies should enlighten the public more on the benefits of life assurance and evolve some incentives so as to avoid the negative impact of these modes of decrement on life assurance portfolios.

Singh and Lall (2011)\textsuperscript{87} found that the life insurance is one of the fastest growing and emerging markets in India. Insurance penetration in the country is low mainly in rural area. The Insurance Industry has a significance contribution in socio-economic development. A majority of the underprivileged & rural poor society is still not insured and untouched by the benefits of Life Insurance. There is a tremendous scope for developing insurance business in the rural areas where human life and income generating rural assets need more protection. IRDA has acknowledged various reforms and initiatives for the welfare of rural people i.e. Micro- insurance especially designed to provide life insurance benefit to rural and economically backward class of the society. Present study is based on primary data which is collected through research questionnaire. Randomly selected Respondents (Life Insurance Policyholders) based on Uttar Pradesh and evaluative research methodology carried out in this study. Aim of the present study is to examine the opportunities for insurers in the rural market and what would be new strategies to tap the highly underinsured rural area. It’s also an attempt to

understand consumer behavior in the insurance sector and identify challenges faced by insurance companies and how to overcome with those challenges.

**Bodla and Chaudhary (2012)** 88 stated that to ascertain the expected and perceived service quality level along with gaps on the basis of Service Quality model in one of the leading private sector company, ICICI Prudential Life Insurance Company (ICICIPLI). Though collectively, private sector has significantly captured the market share initially, but now a days, most of the private sector companies are struggling for a regular growth in business and market share, and the selected company is one of them. Also the customers often complaints of poor services in life insurance services, which obviously means there is something wrong in customer strategies of these companies. The same is proved in the findings of research, that there exists a significant gap in service quality expected and perceived by the customers of ICICIPLI and it is recommended that company should think strategically to improve its customer services on selected dimensions of service quality so that the business growth rate and market position may improve.

**Sirajudeen (2012)** 89 observed that the customer service is the critical success factor in a company and providing top notch customer service differentiates great customer service from indifferent customer service. In the fast paced environment that surrounds industries today, companies find themselves faced with the pressure to discover foolproof ways to manage their businesses. Insurance industry in India is no exception and is undergoing revolutionary changes. Competition has been central to the agenda of companies and it has

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become one of the enduring themes of our time. The Insurance Industry today is experiencing intense competition and the major players, including LIC have come under pressure. In lieu of this, retaining a Customer is cheaper than finding a new customer. LIC should focus on assurance and empathy to further strengthen the level of satisfaction. Major players in the market especially LIC have to concentrate on retaining existing customers, which could offer huge business potential. Time based competition, quality, product range, timely advertisement, follow up, prompt and error free service are the key ingredients for the better service and it will boost up the sales.

Ayimey et al., (2013)\textsuperscript{90} aimed that to comparing customer orientation and customer retention strategies of two life assurance companies in Ghana namely SIC Life Insurance Company Ltd and Star Life Assurance Company Ltd. Customer retention has gained increased value among businesses and has been accepted to have brought tangible financial benefits to firms. Data were collected through interviews with the policyholders and questionnaire was administered to the management teams. The Statistical Package for Social Science (SPSS) and MS Excel were softwares used to analyse data. Specifically, the Friedman’s test was used to determine differences in relevant indicators among the two companies. The findings of the study point to the fact that there were pragmatic efforts by both companies toward customer retention. The findings further indicate differences in customer retention strategies in terms of regular communication with clients and offer of bonuses. Satisfaction levels were high and the two companies retained a good number of their policyholders but they differ in terms of the number of policyholders retained annually. The findings imply deepening efforts towards

regular communication with clients, building relationships with clients and ensuring policyholder satisfaction.

Bihani and Bhowal (2013)\textsuperscript{91} stated that the life insurance industry is in development phase and daily new developments are going on with respect to Product and services. Today the biggest challenge the Life Insurance companies are facing is the competition in all aspects, so the Gap study between the expectation and Experience is of vital importance. The present study has been conducted with a view to understand the difference between the Expected and Experienced “Customer-Solution” i.e. Product dimensions of marketing mix with respect to Life Insurance in Assam. The study is conducted based on the primary data collected from Sibsagar town - the districts headquarter of Sivasagar district of Assam through questionnaire. Given the Empirical Research methods and specially designed Scaling technique, the study revealed that the difference between the degree of customer solution expected from the insurance and the degree of customer solution experienced is statistically not significant. The most interesting finding of the study was the degree of customer solution experienced is more than degree of customer solution expected.

Khurana (2013)\textsuperscript{92} explained in his study that life Insurance is pure service in which customer face more difficulty in evaluation of quality as compared to goods. Moreover there is also a pure competition in life insurance industry in India. Each service provider is doing hard to satisfy their customers by match the customer’s expectation with their service offering but customer’s expectation are keep on going high. This research analyses the relationship between service quality and customer satisfaction. Sample of 200 customers of ten life insurance

companies in Haryana state were selected with the help of random number table. Responses of customers were analyzed with the help of factor analysis. Multiple Regressions was used to test the relationship between Service Quality and Customer Satisfaction in life insurance Industry. The study found that customer expectations and perception toward tangibility, assurance, competency & credibility dimension of service quality have more impact on customer satisfaction. That means customers are more conscious towards statements related to these dimensions.

**Kumari and Murthy (2013)** observed the quality of service delivery results in customer satisfaction and their retention as it reinforces the perception that the value of service received is greater than the price paid for it. Quality improvement and adherence to accepted forms of quality are central to the modern concept of marketing of services. Customer service assumes vital importance in the marketing programmes of all modern organisations including service organisations. As Insurance is a service industry, the main focus is on the efficient and effective delivery of services to the policy holders. The most important factors in the insurance industry are security of the amount insured and customer satisfaction. The best way of surviving and prospering in the competitive environment is through providing prompt relevant and efficient customer services at measurable cost. After liberalisation of the insurance sector it has been duly realised by all the players that customer satisfaction is the pivotal element for enhancing business performance. In order to attain sustainable growth in the competitive environment, offering quality service is the only differentiating factor.

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Mahdzan and Victorian (2013)\textsuperscript{94} investigated the determinants of life insurance demand among life insurance policyholders of five major life insurance companies in Kuala Lumpur, Malaysia. From a sample of 259 individuals, the study analysed the influence of demographic variables, saving motives and financial literacy, on life insurance demand. To determine the relationship between the demographic factors and life insurance demand one way ANOVA tests were conducted. The relationship between financial literacy and saving motives (precautionary, bequest, life cycle and wealth accumulation motives) with life insurance demand was then analysed using a multiple regression. Results revealed that demographic variables and saving motives were significantly related to life insurance demand. Financial literacy, however, was found to be insignificant in determining life insurance demand.

Begam (2014)\textsuperscript{95} analyzed that the effect of service quality on policy holder satisfaction in Salem Division of Tamil Nadu. The Salem Division consists of 18 branches. Since the number of policy holders in each branch was large, the policy holders could not be selected on a proportional basis, a sample of 360 policy holders, 20 from each branch were selected on the basis of convenience sampling method. The study reveals that policyholders have low levels of satisfaction with the basic amenities, service qualities, ease of procedure, company-client relationship and technology. The study further reveals that the overall satisfaction of the policyholders is poor in Life Insurance Corporation in the study area. The study indicates that there is a strong relationship between the service quality and a policyholders satisfaction and service quality is a strong predictor of customer satisfaction.

Bhat (2014)\textsuperscript{96} determined the service quality as the consumers’ judgement about an entity’s overall excellence or superiority. It is a form of attitude and results from a comparison of expectations to perceptions of performance received. In the recent years, service firms like other sectors have realized the significance of customer centred philosophies. They are also using service quality as an important differentiator and a path to success and service quality is an important antecedent of customer loyalty. Services business success has been associated with the ability to deliver superior service. Over the past two decades, Researchers have devoted considerable attention to studying Service Quality as perceived by the consumer. The current study is an endeavour to elucidate the concept of Services and Service Quality. This study as well identifies the antecedents of Service Quality with special reference to Life insurance services. The study explores the literature available on Services and Service Quality. The study concludes that certain distinct characteristic of Services makes their Quality evaluation cumbersome. However, various Service Quality measuring instruments like SERVQUAL, SERVPERF etc. have been extensively used by the Researchers to assess the Service Quality across variety of service settings including Life insurance. A good number of modifications have also been suggested in the Service Quality measuring models to meet the requirements of different Service Settings.

Kumar (2014)\textsuperscript{97} stated that since 1956, The Government of India issued an Ordinance on 19 January 1956 nationalising the Life Insurance sector and Life Insurance Corporation came into existence in the same year. The Life Insurance Corporation (LIC) absorbed 154 Indian, 16 non-Indian insurers as also 75


provident societies—245 Indian and foreign insurers in all. In 1972 with the General Insurance Business (Nationalisation) Act was passed by the Indian Parliament. The LIC had monopoly till the late 90s when the Insurance sector was reopened to the private sector. Before that, the industry consisted of only two state insurers: Life Insurers (Life Insurance Corporation of India, LIC) and General Insurers (General Insurance Corporation of India, GIC). In 1993 Government of India started liberalization and economic reforms with a view of bringing about substantial economic growth, customer satisfaction and move towards The globalization. As a part of this liberalization process, the Government set up a committee under the chairmanship of R N Malhotra, the former Governor of RBI, to make recommendations for the reform of the insurance sector. In its report in 1994 following the recommendations of the Malhotra Committee report, the Insurance Regulatory and Development Authority (IRDA) was constituted as an autonomous body in 1999 to regulate and develop the insurance industry. The IRDA was incorporated as a statutory body in April 2000. The insurance sector was opened to private companies. Foreign companies were also allowed to participate in the Indian insurance market through joint ventures (JVs) with Indian companies. Under current regulations the foreign partner cannot hold more than a 26% stake in the joint venture. Then many private insurance companies came into existence with new concept of sales i.e. service to sales. Since the Max Life Insurance Co. Ltd, HDFC Life, Bharti AXA Life has started working on the same concept they were able to increase their sales and renewals through different department from its agency and these companies starts believing that service to sales department should maintain in the organisation.
2.8 RESEARCH GAP

Review of related literature in the area of life insurance services, products, private life insurance companies, awareness about insurance policies, perception of the policy holders, buying behavior of the policy holders and policy holder satisfaction had been made by the researcher to establish validity of the research topic: “Comparative Analysis on Preference and Satisfaction of Life Insurance Policy Holders”. Various research studies conducted by eminent researchers for a span of two decades have been reviewed and the researcher understood the gaps in the earlier studies. The researcher understood no studies were conducted about the policy holders service quality perception along with their satisfaction. Further, in the recent years no studies were conducted in Dharmapuri district related to this comparative research study and hence the researcher has undertaken to understand the satisfaction level on services of Public and Private Life Insurance Companies.