

CUSTOMER PERCEPTION TOWARDS LIFE INSURANCE CORPORATION POLICIES OF PUBLIC AND PRIVATE SECTOR ORGANIZATION

**SIP project report submitted in partial fulfillment of the requirement for the
Graduation Program**



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(2016bba015)**

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LIC-GWL
Dated 14/07/2018

To Whom It May Concern

This is to certify that **Mr. Rajat Shivhare**, BBA student from **J K Lakshmipat University Jaipur**, had undertaken a Project titled "PERCEPTION FOR LIFE INSURANCE POLICY OF LIFE INSURANCE CORPORATION OF INDIA" for **ANKUR CHANDAK Galaxy Club Member of Life Insurance Corporation of India** during the Period of 01st May, 2018 to 25th June 2018 at our office in Gwalior (M.P.), We have found his project very useful. We have also found Mr. Rajat Shivhare a sincere hardworking person who is willing to take up challenges.

We wish him all the in his future endeavors.

Yours Faithfully,
Chandak Financial Services


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CERTIFICATE

This is to certify that Rajat Shivhare, student of BBA, Institute of Management, JK Lakshmipat University has undertaken his Summer Internship at Chandak Financial Services. The topic "CUSTOMER PERCEPTION TOWARDS LIFE INSURANCE CORPORATION POLICIES OF PUBLIC AND PRIVATE SECTOR ORGANIZATION" his summer internship report is original piece of work out by the candidate under my guidance.



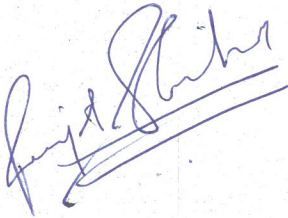
Dr. Richa Mishra

(Faculty Guide)

Collection not done.

DECLARATION

I Rajat Shivhare hereby declare that the work presented on this project entitled “PERCEPTION FOR LIFE INSURANCE CORPORATION POLICIES IN COMPARISION TO OTHER LIFE INSUREANCE POLICY” submitted to JK Lakshmipat University in an authentic record of work and it has neither been submitted nor published anywhere.



RAJAT SHIVHARE

2016 BBA 015

ACKNOWLEDGEMENT

I like to express my gratitude and deep regards to my guide **Dr. Richa Mishra** for her exemplary guidance and constant encouragement that helped me every time to perform better throughout the course.

In addition, I would also like to extend my gratitude to **Mr. Ankur Chandak** for guiding me through my Summer training to help me in providing the basics and technical prior knowledge which was necessary to conduct the survey.

Lastly I would like to thanks to all the LIC members who co-operated and provided all the required information necessary to complete my internship.

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INTRODUCTION

The story of insurance is probably as old as the story of mankind. The same instinct that prompts modern businessmen today to secure themselves against loss and disaster existed in primitive men also. They too sought to avert the evil consequences of fire and flood and loss of life and were willing to make some sort of sacrifice in order to achieve security. Though the concept of insurance is largely a development of the recent past, particularly after the industrial era – past few centuries – yet its beginnings date back almost 6000 years.

Life Insurance in its modern form came to India from England in the year 1818. Oriental Life Insurance Company started by Europeans in Calcutta was the first life insurance company on Indian Soil. All the insurance companies established during that period were brought up with the purpose of looking after the needs of European community and Indian natives were not being insured by these companies. However, later with the efforts of eminent people like Babu Muttylal Seal, the foreign life insurance companies started insuring Indian lives. But Indian lives were being treated as sub-standard lives and heavy extra premiums were being charged on them. Bombay Mutual Life Assurance Society heralded the birth of first Indian life insurance company in the year 1870, and covered Indian lives at normal rates. Starting as Indian enterprise with highly patriotic motives, insurance companies came into existence to carry the message of insurance and social security through insurance to various sectors of society. Bharat Insurance Company (1896) was also one of such companies inspired by nationalism. The Swadeshi movement of 1905-1907 gave rise to more insurance companies. The United India in Madras, National Indian and National Insurance in Calcutta and the Co-operative Assurance at Lahore were established in 1906. In 1907, Hindustan Co-operative Insurance Company took its birth in one of the rooms of the Jorasanko, house of the great poet Rabindranath Tagore, in Calcutta. The Indian Mercantile, General Assurance and Swedish Life (later Bombay Life) were some of the companies established during the same period. Prior to 1912 India had no legislation to regulate insurance business. In the year 1912, the Life Insurance Companies Act, and the Provident Fund Act were passed. The Life

Insurance Companies Act, 1912 made it necessary that the premium rate tables and periodical valuations of companies should be certified by an actuary. But the Act discriminated between foreign and Indian companies on many accounts, putting the Indian companies at a disadvantage.

The first two decades of the twentieth century saw lot of growth in insurance business. From 44 companies with total business-in-force as Rs.22.44 crore, it rose to 176 companies with total business-in-force as Rs.298 crore in 1938. During the mushrooming of insurance companies many financially unsound concerns were also floated which failed miserably. The Insurance Act 1938 was the first legislation governing not only life insurance but also non-life insurance to provide strict state control over insurance business. The demand for nationalization of life insurance industry was made repeatedly in the past but it gathered momentum in 1944 when a bill to amend the Life Insurance Act 1938 was introduced in the Legislative Assembly. However, it was much later on the 19th of January, 1956, that life insurance in India was nationalized. About 154 Indian insurance companies, 16 non-Indian companies and 75 provident were operating in India at the time of nationalization. Nationalization was accomplished in two stages; initially the management of the companies was taken over by means of an Ordinance, and later, the ownership too by means of a comprehensive bill. The Parliament of India passed the Life Insurance Corporation Act on the 19th of June 1956, and the Life Insurance Corporation of India was created on 1st September, 1956, with the objective of spreading life insurance much more widely and in particular to the rural areas with a view to reach all insurable persons in the country, providing them adequate financial cover at a reasonable cost.

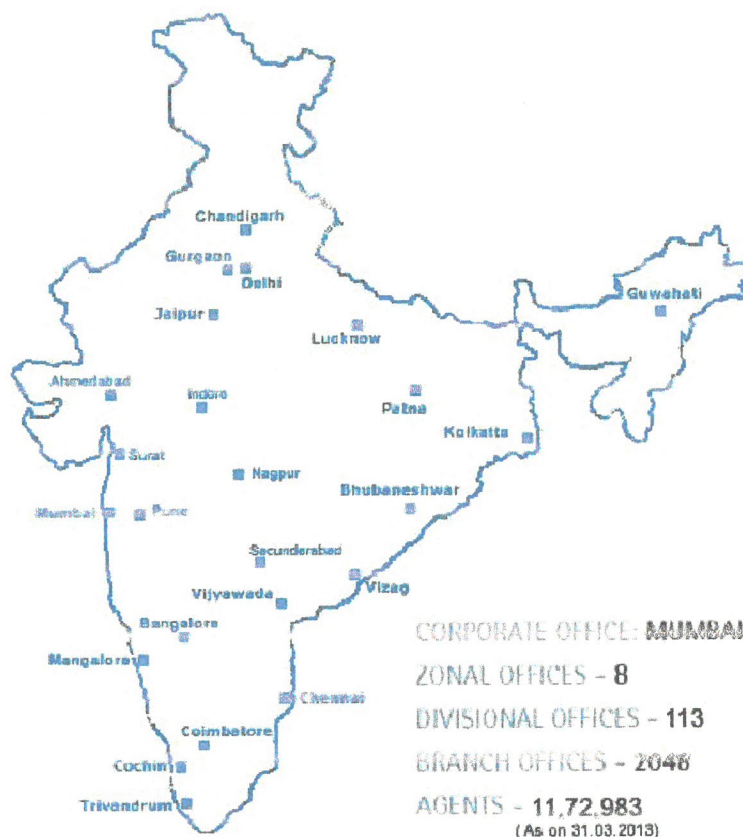
LIC had 5 zonal offices, 33 divisional offices and 212 branch offices, apart from its corporate office in the year 1956. Since life insurance contracts are long term contracts and during the currency of the policy it requires a variety of services need was felt in the later years to expand the operations and place a branch office at each district headquarter. Re-organization of LIC took place and large numbers of new branch offices were opened. As a result of re-organization servicing functions were transferred to the branches, and branches were made accounting units. It worked wonders with the performance of the corporation. It may be seen that from about 200.00 crores of New Business in 1957 the corporation crossed 1000.00 crores only in the year 1969-70, and it took another 10 years for LIC to cross 2000.00 crore mark of new business. But with re-organization

happening in the early eighties, by 1985-86 LIC had already crossed 7000.00 crore Sum Assured on new policies.

Today LIC functions with 2048 fully computerized branch offices, 109 divisional offices, 8 zonal offices, 992 satellite offices and the Corporate office. LIC's Wide Area Network covers 109 divisional offices and connects all the branches through a Metro Area Network. LIC has tied up with some Banks and Service providers to offer on-line premium collection facility in selected cities. LIC's ECS and ATM premium payment facility is an addition to customer convenience. Apart from on-line Kiosks and IVRS, Info Centers have been commissioned at Mumbai, Ahmedabad, Bangalore, Chennai, Hyderabad, Kolkata, New Delhi, Pune and many other cities. With a vision of providing easy access to its policyholders, LIC has launched its SATELLITE SAMPARK offices. The satellite offices are smaller, leaner and closer to the customer. The digitalized records of the satellite offices will facilitate anywhere servicing and many other conveniences in the future.

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. LIC has issued over one crore policies during the current year. It has crossed the milestone of issuing 1,01,32,955 new policies by 15th Oct, 2005, posting a healthy growth rate of 16.67% over the corresponding period of the previous year.

From then to now, LIC has crossed many milestones and has set unprecedented performance records in various aspects of life insurance business. The same motives which inspired our forefathers to bring insurance into existence in this country inspire us at LIC to take this message of protection to light the lamps of security in as many homes as possible and to help the people in providing security to their families.



LIC operates all over India

OBJECTIVE

OBJECTIVE:

The objective of the project was to find out the customer perception towards Life Insurance policies of Life Insurance Corporation of India in comparison to other private and public sector's in India.

SEARCH QUESTIONS:

- Customer's Knowledge regarding their policies.
- Whether LIC offers higher satisfaction level?
- Exploring possible reasons for "Why not LIC"?
- Current problems faced by LIC customers?
- Comparison of after sales services of LIC to other private and public sectors.

LIFE INSURANCE

Life insurance is a contract that pledges payment of an amount to the person assured (or his nominee) on the happening of the event insured against.

The contract is valid for payment of the insured amount during:

- The date of maturity, or
- Specified dates at periodic intervals, or
- Unfortunate death, if it occurs earlier.

Among other things, the contract also provides for the payment of premium periodically to the Corporation by the policyholder. Life insurance is universally acknowledged to be an institution, which eliminates 'risk', substituting certainty for uncertainty and comes to the timely aid of the family in the unfortunate event of death of the breadwinner.

By and large, life insurance is civilization's partial solution to the problems caused by death. Life insurance, in short, is concerned with two hazards that stand across the life-path of every person:

1. That of dying prematurely leaving a dependent family to fend for itself.
2. That of living till old age without visible means of support.

METHODOLOGY

Type of study: Descriptive and Exploratory research

Data Collection: Primary data was collected with the help of self-develop based questionnaire and secondary data was collected through word of mouth, print media and insurance agent.

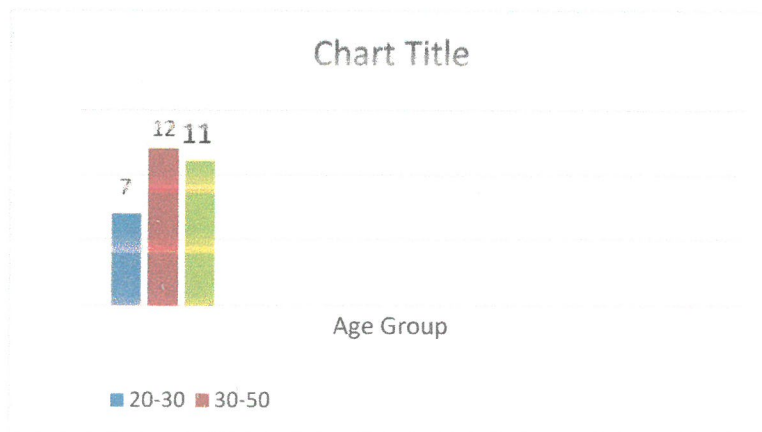
Sampling Methodology: Judgemental Sampling

Sample Size: 30

Tool for Data Collection: Data was collected using questionnaires consisting of 15 questions from 30 respondents.

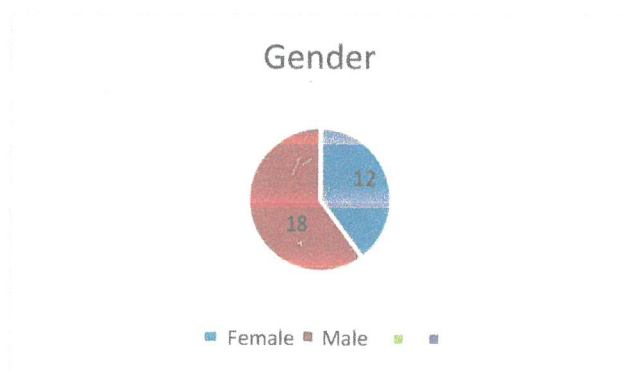
ANALYSIS

• AGE OF COSTUMERS



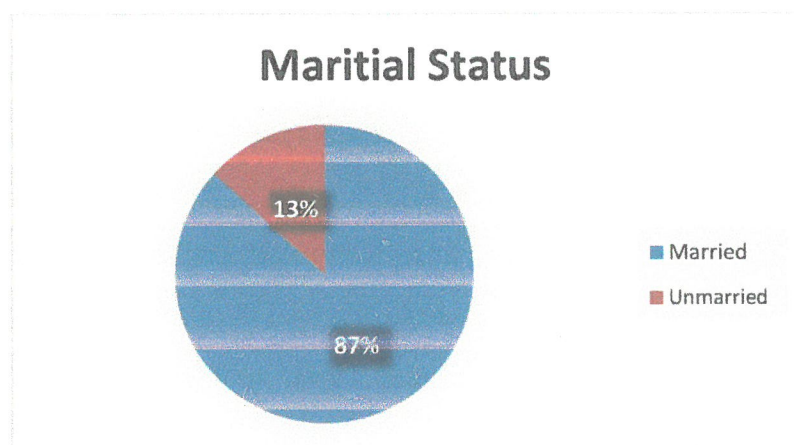
Age	In no.
20-30	7
30-50	12
50 and above	12

• GENDER OF COSTUMERS



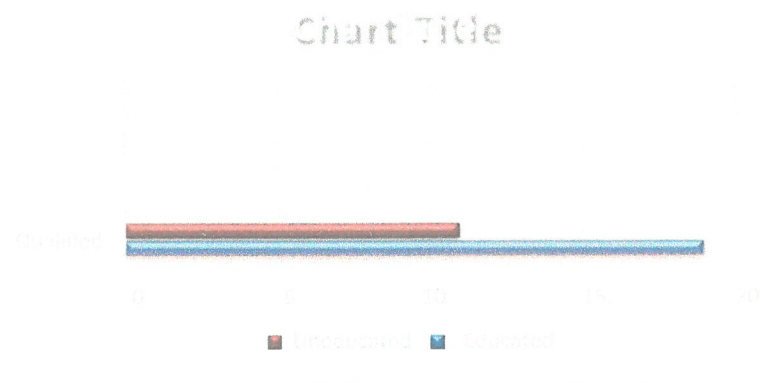
Gender	In No.
Male	18
Female	12

- MARITAL STATUS OF COSTUMERS



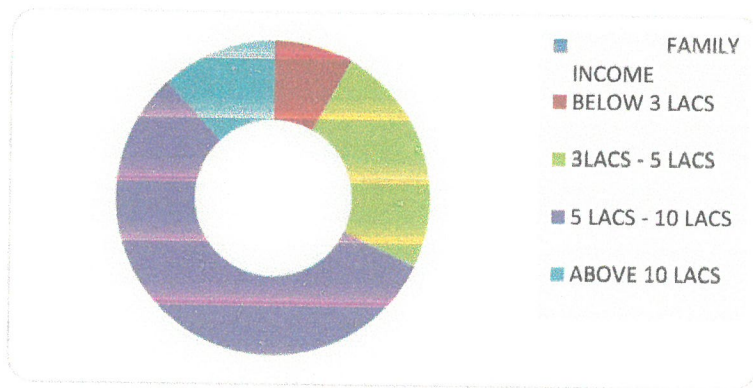
Marital Status	In no.
Married	26
Unmarried	4

- EDUCATION QUALIFICATION OF COSTUMERS



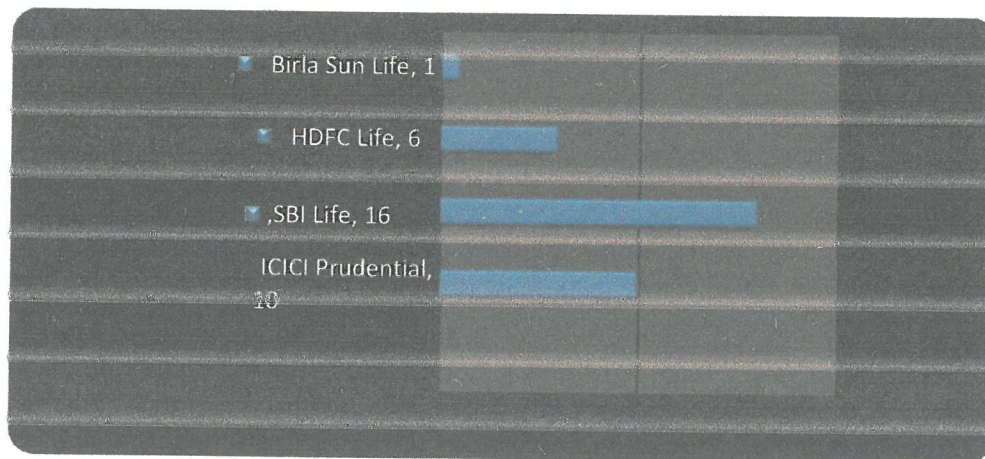
Education Status	In no.
Educated	19
Uneducated	12

- FAMILY INCOME OF COSTUMERS

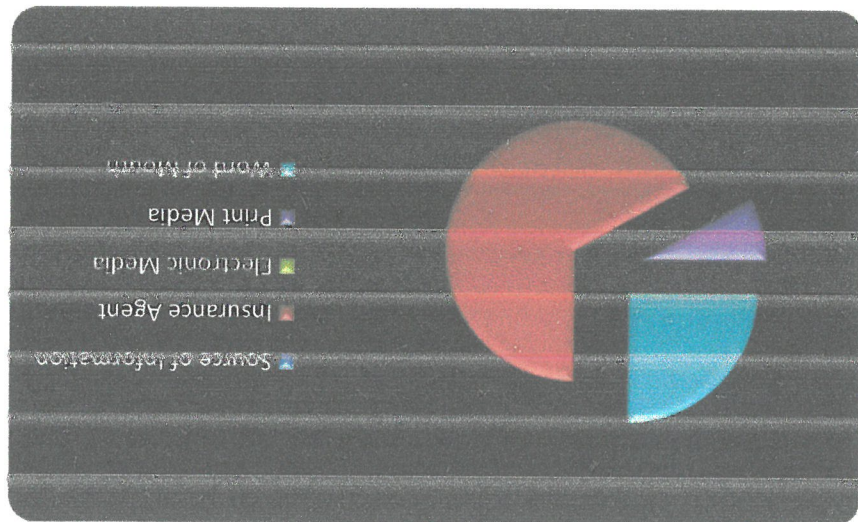


Out of 100%, 8% of family income is below 3 Lacs. 24% of family income is between 3 to 5 Lacs. 56% of family income is between 5 to 10 Lacs. 12% of family income is above 10 Lacs.

- NAME OF PRIVATE INSURED COMPANY

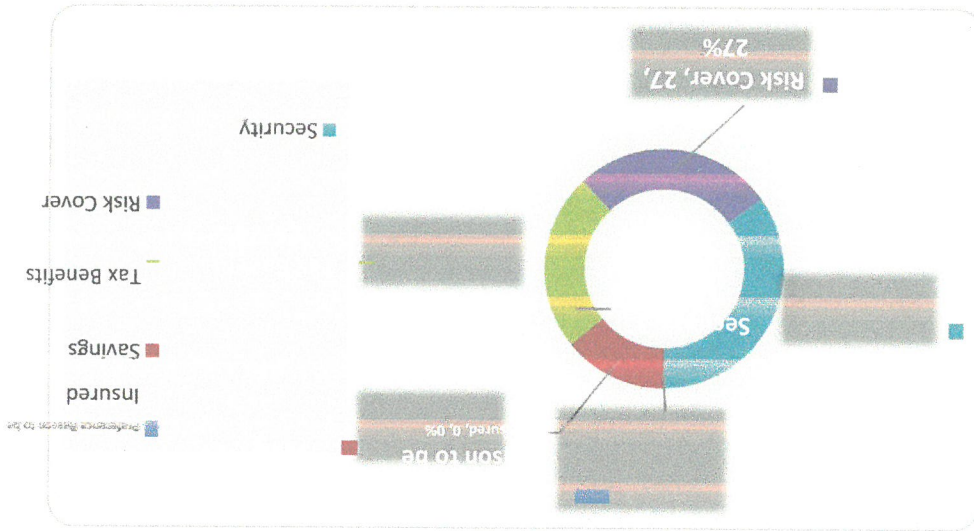


• SOURCE OF INFORMATION



As per the survey 67% of information is collected through Insurance Agent, 25% through word of mouth, 8% through Print Media and no information is collected through Electronic Media.

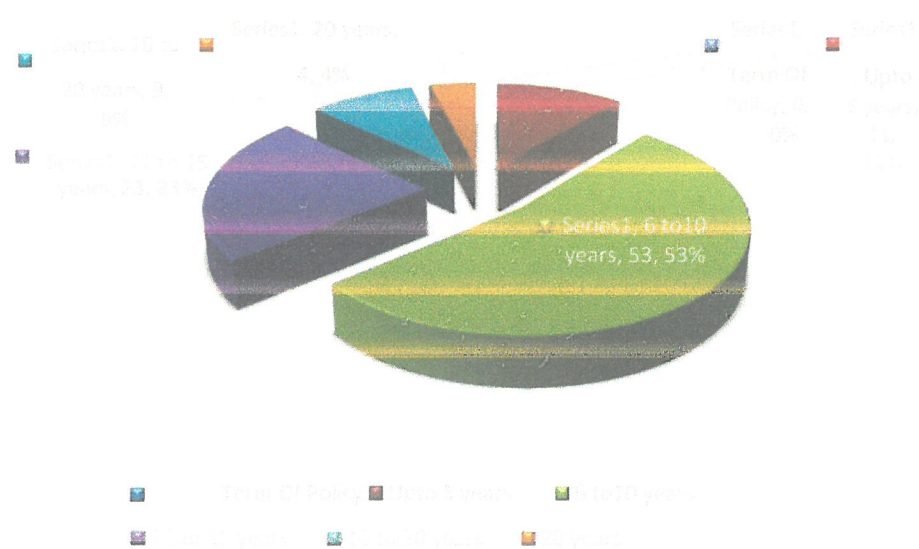
> PREFERENCE REASON BE GET INSURED



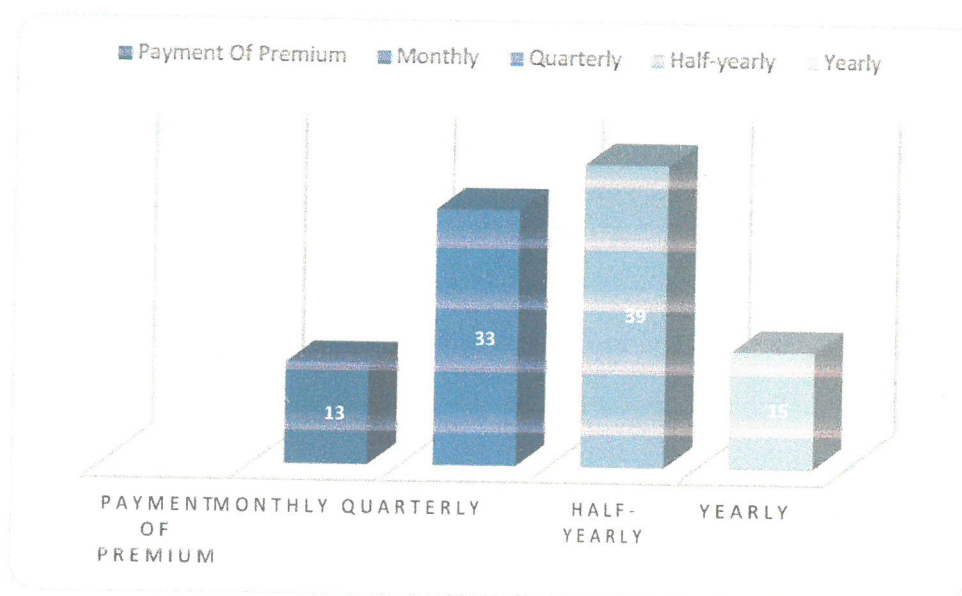
> PREOWNED LIC's POLICIES



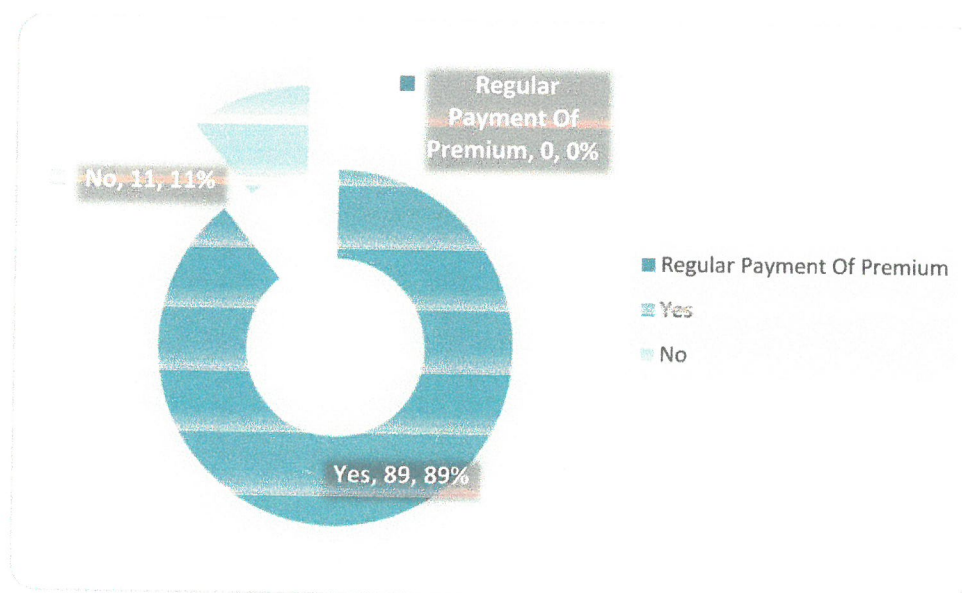
> TERM OF POLICY



> PAYMENT OF PREMIUM



> REGULAR PAYMENT OF PREMIUM BY COSTUMERS



ANALYSIS

For my project I took 30 personal interviews who have at least one Life Insurance policy of LIC.

Out of those 30 customers,

CUSTOMER PERCEPTION W.R.T LIFE INSURANCE POLICY	LIC
Customer only investing in LIC	12
Customer investing in LIC and Private as well	9
Customer who no more want to invest in LIC	3
Customer who invested in Others and unsatisfied	7

The following reasons came into notice either for not anymore opting for LIC policy or preferring other private companies' policies:

Life of Policy is too long offered in LIC as compared to other private companies.

Word of Mouth of other private companies.

Brand Loyalty with previously owned private company policies due to its performance or rate of premium charged

Crossed their tax deduction limit u/s 80C .

OBSERVATION

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. Most of the customers are aged between 30-50 as they all are earning and literate as compare to other age groups. Mostly educated people purchase these policies as they are aware. LIC is the leading company for insurance in India as it is the only public corporation in India and in a country like India most people rely on public sector than private sector. Most of the customers get to know from the insurance agent as they know about all the policies and people mainly trust on insurance agent rather than electronic media and other sources. main issue of getting ensured is security followed by discover tax benefits and too increase savings .major policies come under the interval of 6-10 years which is moderate time period.in which most of the people pay half yearly premium .

In the present study, five-factor structure model as proposed by Sureshcahandar et al. (2001) has been refined to seven-factor construct representing Proficiency; Media and presentations; Physical and ethical excellence; Service delivery process and purpose; Security and dynamic operations; Credibility; and Functionality. Among these factors, three viz., Proficiency; Physical and ethical excellence; and Functionality have significant impact on the overall service quality of Life Insurance Corporation of India.

SUGGESTIONS

Life insurance corporation (LIC) currently holds 71.81% of the total Indian life insurance market as against 28.19% held by all the 23 private players for the year 2016-2017. LIC share has decreased from its previous holding of 72.61% in 2015-16 the private issuers have made a gain of 0.8% . The premium underwritten in the year of 2016-17 stands Rs 4,18,476.62 crores from the previous year Rs3,66,943.23 cr. Growth of 14.04% , it has the potential to develop itself as company has already grown according to statistics.

- The approach to insurance must be in tune with the changing times. The mission of the life insurance sector in India should be to extend the insurance coverage over a larger section of the population
- There should be fair effort made by regulatory commission to enlarge the distribution network to provide a level playing field to all players and also discourage dominance of LIC due to exclusive distribution of network through agents.

PROJECT SUMMARY

A. This report is a part of my research in terms of exploring & finding out the experiences of customers using LIC policies in comparison to other private and public policies.

B. Firstly my Project Guide (Mr. Ankur Chandak) cleared my research objective for which I have to work on.

C. Then a questionnaire was prepared with proper diligence. Before finalizing the questionnaire a mock was conducted by my project guide from where some flaws in the questionnaire came into notice.

D. For developing an appropriate questionnaire following points were considered:

- What type of information is needed?
- Structure and sequence of questions in questionnaire.
- Types of question to be included in questionnaire.
- Designing the questionnaire as simple as possible.
- Time taken for each interview.

E. Then I was provided with the addresses of some clients of Chandak Insurance Services where I was supposed to conduct my surveys.

F. Covered areas: I choose Gwalior for my survey.

G. Sample Size: In above mentioned area, I surveyed 30 customers with age group of between 20 to 60 years.

QUESTIONNAIRE

A PUBLIC SURVEY ON LIFE INSURANCE PRODUCTS OF LIFE INSURANCE CORPORATION OF INDIA "QUESTIONNAIRE"

PART – A (BACKGROUND INFORMATION)

1. Name : _____

2. Age (in years):

a) 25-35 ☐

b) 36-45 ☐

c) 46-55 ☐

d) 55 and above ☐

3. GENDER :

a) Male ☐

b) Female ☐

4. Marital Status:

a) Married ☐

b) Unmarried ☐

5. Educational Qualifications:

a) Illiterate ☐

b) Below Matric ☐

c) Matric ☐

d) Graduate ☐

e) Post – graduate ☐

f) Any Other ☐

6. Source of Earning: _____

8. Family Income:

a) Below 3lacs ☐

b) 3, 00,000 – 5,00,000 ☐

c) 5, 00,000 – 10, 00,000 ☐

d) Above 10, 00,000 ☐

PART – B

1. From which private insurance company you are insured?

a) ICICI Prudential ☐

b) SBI Life ☐

c) HDFC Life ☐

d) Birla Sun Life ☐

2. Who influence you to get insured?

a) Insurance agent ☐

b) Electronic media ☐

c) Print media ☐

d) Word of Mouth ☐

4. For what you have insured yourself?

a) Savings ☐

b) Tax benefits ☐

c) Covering risk to life ☐

d) Security ☐

5. Which of the following policies you have?

a) Pension plan policy ☐

b) Endowment policy ☐

c) Children policy ☐

d) Single premium policy ☐

e) Money back policy ☐

f) Any other _____

6. What is term of the policy?

a) Up to 5 years ☐

b) 6 to 10 years ☐

c) 12 to 15 years ☐

d) 16 to 20 years ☐

e) Above 20 years ☐

7. How would you like to pay premium?

a) Monthly ☐

b) Quarterly ☐

c) Half – yearly ☐

d) Yearly ☐

8. Are you regularly paying the premium?

a) Yes

☐

b) No

9. Has your policy lapsed any time due to non-payment of insurance premium?

a) Yes

☐

b) No

☐☐

10. Are you aware about accidental insurance claims?

a) Yes

☐

b) No

☐

12. Are you aware about the insurance bonus of the policies?

a) Yes

☐

b) No

☐

12. Do you find that the staffs are cooperative?

a) Yes

☐

b) No

☐

REFERENCES

- <http://www.licindia.in/history.htm>
- [www.licindia.in/%2Findividual plans.htm&h=AAQFbWMbz](http://www.licindia.in/%2Findividual_plans.htm&h=AAQFbWMbz)
- www.wikipedia.com/licindia
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- <http://www.licindia.in/awards.htm>