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**AWARENESS AND SATISFACTION OF POLICYHOLDERS TOWARDS LIFE  
INSURANCE CORPORATION  
(Selected School Teachers of Salem District)**

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**Abstract**

*Over the past decade, the Indian insurance industry has experienced significant growth, with new institutions, tools, and prospects. The economy is shifting rapidly, and high-quality products and support services have entered the country. The life insurance industry in India faces intense competition, evolving from risk coverage to tax savings, family planning, debt protection, and risk-free returns, contributing significantly to the nation's economic growth. The research aims to assess policyholders' awareness and desire levels regarding life insurance services, focusing on the long-term financial solutions offered by the industry. The study surveyed 200 Salem District school teachers using convenience sampling, focusing on their knowledge of life insurance plans and preference for tax-benefit options.*

**Keywords: High-Quality Products, Life Insurance Industry, Policyholders Awareness and Support Services**



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## **Introduction**

There are many risks and uncertainties in life. Any person can find mental serenity and financial security for their family with life insurance. In the past, life insurance was not seen as a risk management tool but rather as a means of saving and investing. However, these days, it's also seen as a way to save taxes, plan for particular future family needs, protect against debt, and provide opportunities for large returns with low risk. In the 18th century, insurance business rapidly grew due to people's insecurity towards risks and uncertainties. Insurance companies aimed to eliminate risk by substituting certainty for uncertainty, creating cooperation among policyholders. With increasing competition and policyholder expectations, insurance companies adapted to customer preferences and increased services to satisfy their needs and ensure survival in the insurance sector. In India, the growth of the overall economy is greatly aided by the life insurance industry. The insurance industry is a major player in the financial market, which is made up of contractual middlemen that direct public savings into the economy's productive sectors. An insurance product is classified as an unsought product that consumers are either unaware of or have insufficient information about from a marketing standpoint. As a result, it is said that insurance products are sold rather than purchased, which has made insurance companies' work extremely difficult since their founding. Being the undisputed leader in the Indian insurance sector, Life Insurance Corporation of India has been selling insurance products as a monopoly insurer.

## **Statement of the Problem**

The insurance sector encounters several challenges, including demand conditions, competitive dynamics, product innovation, delivery and distribution systems, and regulatory frameworks related to technology use. Consequently, the sector's future growth hinges on insurers' ability to meet the needs of their policyholders effectively. On the demand front, an increase in income levels is expected to drive the growth of both physical and financial assets. However, servicing the vast domestic market in India presents a significant challenge. Failure to satisfy policyholders over the long term could lead to a higher rate of policy lapsation. Therefore, it is imperative to comprehend the evolving requirements of policyholders and the factors that contribute to their satisfaction.

According to data released by the Insurance Regulatory and Development Authority of India (IRDAI), the life insurance industry recorded a weighted new business premium collection of over INR99 billion in the first quarter of the fiscal year 2015-2016, marking a year-on-year growth rate of 2.0%. The private sector witnessed a significant increase in its weighted new business premium collections, with a growth rate of 17.8%. Conversely, the industry experienced a decline of 8.9% in collections by the state-owned Life Insurance Corporation of India (LIC) during the same period, primarily due to a substantial decrease of 11.9% in its individual weighted new business premium collections. This decline led to a reduction in LIC's market share from 59.1% to 52.7% in the first quarter of the fiscal year 2015-2016 (Source: www.irdai.com).

While private insurers are experiencing an increase in profitable growth, LIC is witnessing a decline in its new business growth. The success of an insurer's business is fundamentally dependent on the satisfaction of its customers. Hence, this study aims to identify the various factors influencing policyholders' satisfaction. Life insurance is actually an agreement between the insured and the insurer, in which the policyholder accepts to pay the insurer a regular premium. In return, the insurer provides monetary protection to the insured in the event of any accident or mishap.

### **Review of Literature**

**Murugesh, V (2015)** examined that the Policyholders' Preference And Satisfaction Towards Life Insurance Corporation of India's Policies LIC's market share decreased after private insurers entered the market, but its growth continues despite competition. Demand growth is driven by population growth, rising purchasing power, insurance awareness, savings, and financial literacy. LIC offers innovative products to attract new and existing policyholders, and a study on policyholders' satisfaction with their policies is being conducted.

**Velmurugan, R. (2016)** examined that policyholders satisfaction of Life Insurance Products with Reference to Coimbatore District The insurance sector has grown significantly, with 24 life insurance companies, 28 general insurance companies, and 1 reinsurance company. Achieving satisfaction is crucial for the industry, especially in the face of mis-selling and improper disclosures. This study explores policyholder satisfaction levels and factors influencing it, focusing on Coimbatore District. The study was conducted due to the lack of research and the Insurance Regulatory and Development Authority of India's mandate for policy disclosure.

**Basaula, D. (2018)** examines customer satisfaction and awareness of life insurance claim settlement in Nepal. With 391 respondents, the study found neutral responses on satisfaction. However, they believe speeding up the process would increase life insurance business. The study suggests the government should focus on increasing awareness and making life insurance mandatory for all citizens.

**Kannan, M. (2018)** investigates the degree of customer satisfaction with Life Insurance Corporation in Chennai. Because individuals are becoming more conscious of the uncertainty in life and because the insurance industry is becoming more competitive, it is important for insurance companies to comprehend what their clients need. This study's primary goal is to determine how satisfied customers are with LIC. This study's primary data, which was gathered from 150 policyholders in Chennai using a questionnaire, was analyzed using a range of statistical techniques, including percentage, chi-square, and ANOVA analyses, to determine the variables influencing customers' satisfaction with LIC.

### **Objectives of the Study**

The present study has been carried out in order to:

- 1) To determine the policyholders awareness towards LIC products.
- 2) To know the factors influencing satisfaction of policyholders.

### **Methods of Research**

The primary and secondary data used in the study are both sources. Primary data gathered using a carefully designed questionnaire. Secondary information gathered from newspapers, journals, and the internet. There isn't a database in existence. About the district of Salem lapsation. As a result, plans call for gathering information from 200 policyholders through the use of a convenient sample technique. Taking policyholder privacy into account, insurance Businesses are hesitant to release the information of lapsed policies. Consequently, plans have been made to gather information from 200 policyholders with the use of a convenient sample technique.

### **Results and discussions**

The results of the study lights on consumer satisfaction towards Life Insurance Corporation with reference to Salem city, which enlighten on customer satisfaction, awareness and attitude towards Insurance sector,

**H0: There is no association between demographic factors and Awareness****Chi- Square Test**

<b>Demographic Variable</b>	<b>Chi Square Test-value</b>	<b>Df.</b>	<b>Table Value@ 5 % level</b>	<b>Significance</b>
Gender	22.216	6	0.078	<i>Significance</i>
Age	27.532	16	0.068	<i>Significance</i>
Educational Qualification	25.469	16	0.071	<i>Significance</i>
Monthly Income	37.461	16	0.004	<i>Significance</i>
Nature of Family	16.326	4	0.056	<i>Significance</i>
Services offered	15.590	12	0.038	<i>Significance</i>

Source: Primary data

It is clear from the above table there is significant difference between demographic variables of gender, age, educational qualification, occupation, monthly income, nature of family, services offered by LIC and awareness.

**Satisfaction of Policyholder towards LIC**

<b>Particulars</b>	<b>Mean Rank</b>	<b>Rank</b>
Sources of awareness	10.21	10
Satisfaction towards premium rate	12.83	3
Mode of payment	11.33	9
Policy preferred by policyholders feel secured	12.47	4
Reason for non-renewal of the policy	11.68	8
Duration of policy	13.42	1
Factors influencing media advertisement	11.94	6
Employees behaviour	12.22	5
Knowledge of the employees	11.88	7
Display of posters and pamphlets	13.37	2

Source: Primary data

From the above table it is inferred, that majority of the policyholders are satisfied with regard to Duration of policy followed in the insurance company, followed by Display of posters and pamphlets and Satisfaction towards premium rate and Policy preferred by policyholders feel secured above the new product launched in the market by the insurance companies.

### **Suggestions**

- The life insurance company must provide its clients with financial education and awareness campaigns in order to raise their awareness levels.
- LIC needs to take the required actions to raise staff and agent performance.
- It is important to provide extensive coverage of the policies and advantages, especially for rural areas.

### **Conclusion**

An unhappy customer shares their negative feedback with the organization's key interests. To maintain high levels of customer satisfaction, it's necessary to establish standards of service excellence. Thus, it's important to explore different dimensions of service excellence and customer fairness to guarantee customer contentment in a time when consumer empowerment is continuously increasing. An effective system guarantees customer contentment, leading to customer loyalty, which is advantageous for all parties involved in the insurance ecosystem. Quick service delivery in insurance is crucial for customer satisfaction and the expansion of the business.

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