

# **An Empirical Study On Policyholders Awareness And Perception Towards LIC AND ICICI Prudential Life Insurance**

## **(A Study With Special Reference To Chennai City)**

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### **ABSTRACT**

Insurance industry has playing an important role in changing economic environment throughout the world. The growth of insurance industry market is directly linked to the present perception and satisfaction of customers with their policies. The research tries to understand the awareness of the people towards the rights and duties towards LIC and ICICI products. It helps to understand and creating more awareness about the insurance company and their policies through agent and advertisement. The data for the study has been collected from primary sources by the structured questionnaire. The study area is limited to Chennai city of Tamilnadu and sample size 100 policyholders of LIC and ICICI have been selected through a convenience sampling. The present empirical study is an attempt made to find the awareness and factors influence the policyholders buying behaviour towards their present insurance policies.

**Keywords:** Customers, Life Insurance Policies, Policyholder Awareness, LIC and ICICI

### **INTRODUCTION**

Insurance is one of the major segments of financial market. The insurance business is unique in the sense that it is rewarded for managing the risk of other parties. India is a dynamic country because all sectors have significantly been transformed in to the positive trends. Among these sectors, financial markets have considerably contributed to increase national income of the country. Insurance is one of the most important fragments of financial markets. In India, insurance sector is not only playing a role as the financial system but also has a significant socio-economic function of providing, risk coverage to the poor population. In India, insurance sector is not only playing a role as the financial system but also has a significant socio-economic function of providing, risk coverage to the poor population.

A protection is an agreement between a protection arrangement holder and a safety net provider where the backup plan guarantees to pay an assigned recipient a total of cash (the "advantages") upon the occurrence or non-occurring of a specific occasion. The arrangement holder normally pays a premium, either routinely or

as a singular amount. Different costs, (for example, memorial service costs) are likewise once in a while incorporated into the premium. The preferred standpoint for the arrangement proprietor is "tranquility of mind", in realizing that the setback or the risk protected against won't bring about a money related hardship to the friends and family. Despite the fact that more number of individuals have been taking protection, the level of mindfulness towards the rights and obligations that they have is low. Different investigations have closed about the level of mindfulness however thinks about have not been led to consider the mindfulness towards the rights and obligations of the approach holders and henceforth the following examination has been led. **(Dhiraj Jain & Nikita Goyal, 2012).**

### **OBJECTIVES OF THE STUDY**

- ❖ To study the Awareness of policyholders towards LIC and ICICI in Chennai City.
- ❖ To identify the factors influence the policyholders buying behaviour towards LIC and ICICI products.

## REVIEW OF LITERATURE

Dubinsky *et al.* (1988) examined that when agents' sales supervisors are high on initiating structure, agents had less role ambiguity and more job satisfaction. When sales supervisors were high on consideration, agents tend to have less role conflict and higher job satisfaction. Moreover, it was concluded that role conflict apparently raises agents' role ambiguity, reduces their job satisfaction, and augments their performance.

Arunajatesan (2002) found the reason for poor penetration of insurance and influencing factors like awareness of Life Insurance Products preferred the mode of saving, insurable population, reasons for buying etc. The findings of the study were that 70% of the population is aware of insurance through Television, Newspapers and agents and among them only 24% are insured. Regarding the knowledge of schemes, less than 15% are known and reasons for buying insurance is only for tax planning and risk cover only.

Saha S. and Dey M., (2011) revealed that, consumer prefers safety first, then followed by good returns, liquidity, flexibility and tax benefit as features for investing in mutual funds. Investors gained awareness about mutual funds mostly through reference group followed by newspapers, financial magazines, televisions, brokers.

## RESEARH METHODOLOGY

A descriptive research design taking a survey approach was used. The target population of this study consisted of policyholders among insurance companies in Chennai city. A sample of 100 policyholders was collected through Convenience Sample method. The data was collected using a well-structured questionnaire. The data analysis tool used was the Statistical Package for Social Sciences (SPSS) and presented in the form of frequencies and percentages, Chi-Square in tables.

## DATA ANALYSIS AND INTERPRETATION

A well-structured questionnaire has been prepared and it has been circulated to 100 policyholders to collect the relevant information. All details collected are compiled and a master table has been prepared. Based on the master table, relevant information has been described in this chapter.

### Awareness about the Insurance Company

Insurance company creates awareness to the policyholder to purchase the policy through agent / advisers, advertisement, friends and relatives. The cross tab between LIC and ICICI Prudential over awareness about the insurance company to the policyholders are presented a table below.

**Table 1: Know the insurance company according to the Nature of Insurance Policy Holdings**

Nature of insurance policy holdings	How did you come to know about the insurance company				Total
	Agent/Advertiser	Advertisement	Friends	Relatives	
LIC	27	12	9	2	50
	54%	24%	18%	4%	100%
ICICI Prudential	16	23	5	6	50
	32%	46%	10%	12%	100%
Total	43	35	14	8	100
	43%	35%	14%	8%	100%

Source: Computed data

It is evident from the above table that LIC policyholders 54% are known about the insurance company through agent / advisers and followed by 24% are through advertisement. Similarly in ICICI Prudential 46% respondents know about the insurance company through advertisement and followed by 32% are through agent / adviser respectively.

### Awareness through advertisement

In particular an advertisement plays a vital role in insurance company. It is an easy way to reach the customer through newspaper / magazines, notice / banners, pamphlets / posters, television and internet. The cross tab between LIC and ICICI Prudential over awareness through advertisement to the policyholders are presented a table below.

**Table 2: Name of the media according to the Nature of Insurance Policy Holdings**

Nature of insurance policy holdings	If it is through advertisement, mention the name of the media					Total
	Newspaper / Magazine	Notice/ Pamphlets	Banners/ Posters	Television	Internet	
LIC	2	1	3	5	1	12
	16.67%	8.33%	25%	41.67%	8.33%	100%
ICICI Prudential	7	1	1	10	4	23
	30.44%	4.35%	4.35%	43.47%	17.39%	100%
Total	9	2	4	15	5	35
	25.71%	5.71%	11.43%	42.86%	14.29%	100%

Source: Computed data

From the above table it is found that LIC policyholders domain 41.67% are receiving the information through television advertisement and followed by 25% from banners / posters through advertisement. But in ICICI Prudential possess 43.47% are getting information through television advertisement and followed by 30.44% by newspapers / magazine advertisement respectively.

**Factors influencing choose the insurance company**

The policyholder can choose the insurance company by influencing the factors through agent /advisers, friends / relative, advertisements, prompt services, near to residence, easy accessibility. The cross tab between LIC and ICICI Prudential over a factors influencing to choose the company by the policyholders are presented a table below.

**Table 3: Factor choose the insurance company according to the Nature of Insurance Policy Holdings**

Nature of insurance policy holdings	Factors influencing the insurance company						Total
	Agent/ Adviser	Friends/ Relatives	Advertisements	Prompt Services	Near to Residence	Easy Accessibility	
LIC	17	12	10	5	3	3	50

	34%	24%	20%	10%	6%	6%	100%
ICICI Prudential	16	5	7	7	6	9	50
	32%	10%	14%	14%	12%	18%	100%
Total	33	17	18	12	9	11	100
	33%	17%	18%	12%	9%	11%	100%

Source: Computed data

From the above table in the case of LIC 34% are agent/adviser plays vital roles in influencing the customer to choose the insurance company. The customers mainly dependents upon the influence of agent/ advisers. It is followed by 24% are friends / relatives, 20% are advertisement, 10% are prompt services, 6% are near to residence, 6% are easy accessibility respectively. But in ICICI Prudential 32% are agent / adviser plays an important role in influence the customer to choose the insurance company. Here also the customer mainly dependents upon the influence of agent / adviser. It is followed by 18% are easy accessibility, 14% are advertisements, 14% are friends / relatives, 12% are prompt services,10% and near to residence.

**Factors influence to purchase the policy**

The policyholder can purchase the policy by influencing the factors because of family protection / children benefits, risk coverage, investment / wealth claim, savings, provision for old age and loan facilities / tax benefits. The cross tab between LIC and ICICI Prudential over a factors influencing to purchasing the policy by the policyholders are presented a table below.

**Table 4: Factor influence to purchase the policy according to the Nature of Insurance Policy Holdings**

Nature of policy	Factors influencing to purchase the policy	Total
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	Family Protection/ Children Benefits	Risk Coverage	Investment/ Wealth Claims	Savings	Provision for Old Age	Loan Facilities/ Tax Benefits	
LIC	10	15	11	7	4	3	50
	20%	30%	22%	14%	8%	6%	100%
ICICI Prudential	12	14	10	8	4	2	50
	24%	28%	20%	16%	8%	4%	100%
Total	22	29	21	15	8	5	100
	22%	29%	21%	15%	8%	5%	100%

Source: Computed data

It is cleared from the above table in case of LIC policyholders are domain 30% are mainly influenced to purchase the policy on risk coverage. The customers mainly purchase the policy for risk coverage purpose. It is followed by 22% are investment / wealth claims, 20% are family protection / children benefits, 14% are savings, 8% are provision for old age, 6% are loan facilities / tax benefits respectively. However in ICICI Prudential domain 28% are mainly influenced to purchase the policy for risk coverage. The customers mainly purchase the policy for risk coverage purpose. It is followed by 24% are family protection / children benefits, 20% are investment / wealth claims, 16% are savings, 8% are provision for old age, 4% are loan facilities / tax benefits respectively.

## CONCLUSION

Now-a-days policyholders are seeking policies which are not just as a product but it should be an integrated financial solution that can offer stability of returns along with total protection. To fulfil this condition of customers the insurance sectors should analyse the needs of policyholders and provide policies as risk coverage as well as rigid investment. While selecting an insurance company the customer organizes and interprets the service quality and the product quality of different life insurance policies, offered by various Life Insurance Companies. Thus, the government needs to create appropriate awareness and take necessary steps to protect the people. Also, poor people

cannot access improved health and educational facilities and this makes them more vulnerable.

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