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Our Heritage

Investors Satisfaction Towards Lic Policies In Tirunelveli

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Abstract

This study on Investors satisfaction towards LIC Policies in Tirunelveli attempts to find out the satisfaction level of LIC policy holders and their preferences towards LIC policies among various avenues of investment. In particulars the choice of various policies are also discussed in this study. Investment is a commitment of funds made in the expectation of some positive rate of returns. Returns are the income which may be interest, dividend, premium and capital appreciation. Among the various avenues of investment, the investment in Life Insurance Corporations policies are more popular and very attracted by the investors. Life Insurance Corporation is the company owned and governed by the government of India. The LIC offers various policies to their customers and still leads as a market leader in the Life insurance sector in our country.This study also attempts to find the preferences of policies chosen by the policy holders.

Keywords: Investors, LIC policies, Endowment policies, Tirunelveli, Premium, etc.,

1. Introduction

Investment is the commitment of funds in the expectation of positive rate of return. Incomes earned by the people are utilized for the present consumption and future consumption. The surplus of income are savings and savings leads to investment, investment gets return and then again it may lead to investment is the vicious cycle of investment. All the savers are not investors. Investment is often associated with risk. Return is inherited with risk. The high risk is associated with higher return and low risk is associated with lower return. For instance, The risk in the retailing business is limited and low because every selling is for ready payment. So, in the Business to Consumer basis the return is also limited. The risk in the Wholesale business is higher and unlimited because every transaction is on credit basis. So, in the Business to Business basis the return is higher. Before, making an investment an investor has to analyse thoroughly with the return and risk associated to it.

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In the context of life insurance, a human being is an income generating asset. The value of this asset can be measured by considering the income that is generated by the person concerned. In our daily life we are faced with various risks like death, fire, flood, earth quakes etc., every physical loss will cause a monitory loss. Insurance is a mechanism that helps to reduce the effects of such adverse situations. It promises to pay the owner (or) beneficiary of the asset, a certain sum if the loss occurs. The business of insurance is one of sharing. It spreads the losses of an individual over a group of individuals who are exposed to similar risks.

Life Insurance Corporation

It dated back to the decay of the Mughals and the ascent of East Indian Company. The British presents western social, strict and instructive thoughts, which progressively flourished. Life coverage in its advanced structure came to India soil, to be specific the Oriental Life Insurance organization was begun in Calcutta by the English to help the widows of their locale. It was Raja Ram Mohan Roy, the dad of Indian renaissance, who was moved by the act of Sati, spoke to the well off companions through the segments of the Calcutta Journal in 1822 to begin a foundation to help widows and vagrants. The Universal Life Insurance Company, which began its activity in India 1840, was taken over by the British in 1901 and turned into a piece of Life Insurance Corporation in 1956. The Christian common, began in Punjab in 1847 and the Tirunelveli Diocesean Council widow's store of Madras began in 1849 likewise turned out to be a piece of the Life Insurance Corporation in 1956. The Life Insurance Corporation ingested the Bengal Christian Family Pension Fund began in Calcutta in 1852 out of 1956. The organization has been set up by a demonstration of parliament, which got the consent of the president on eighteenth June 1956. The demonstration came into power on first July 1956. Since that day the enterprise is having the select benefit of carrying on Life Insurance business in India. The Corporation an independent body has important to run on sound business head.

The Life Insurance Corporation central office is located at Bombay, Kolkata, New Delhi, Kanpur, Madras, Bhopal and Hyderabad. As at 31-03-1994 the corporation had 100 divisional offices and about 2000 branches in India and offices at London, Fiji and Maldives in territories.

Insurance is a highly lucrative avenue to help savings. The core feature of insurance is protection. Life insurance is a contract for payment of a sum of money to the person assured (or to the person entitled to receive the same) on the happening of the event insured against. Usually, the contract provides for the payment of an amount on the date of maturity or at specified dates at regular intervals or if death occurs. Among other things, the contracts also provide for the payment of premium periodically to the corporation by the policy

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holders. Life insurance eliminates risks. Thus, insurance emerges as a combination of both investment and assurance.

The major advantages of life insurance are as follows:

Security: Saving through disaster protection ensures full insurance against danger of death of the saver. The full guaranteed entirety is paid, though in different plans, just the sum spared is paid.

Simple installments: Salary sparing plans are acquainted with the salaried individuals. Further, there is a simple portion strategy for installment through month to month, quarterly, half-yearly or yearly mode.

Liquidity: Loans can be raised on the security of the approach.

Expense alleviation: Tax help in annual assessment and riches charge are accessible for sums paid by method for premium for life coverage subject to the duty rates in power.

Life coverage arrangements: Some of the regular disaster protection approaches are examined beneath.

Blessing arrangement: An enrichment strategy covers the hazard for a period determined by the safety net provider. This strategy is a mix of protection and speculation. A specific part of the premium gets contributed and creates a specific return each year. This arrival is pronounced as a little something extra. Toward the finish of the predefined period, the whole guaranteed is taken care of to the policyholder, alongside reward gathered during the term of the strategy.

Unit-connected gift: This is a famous type of the blessing approach. Under this, the protection premium is put resources into a few units of a predetermined unitized protection support. Frequently, the protection holder can choose the assets where he likes to contribute the premium.

Full blessing: This is typically with-benefits gift. The essential sum guaranteed is equal to the demise profit by the start of the arrangement. In view of the development, the last payout is higher than the underlying aggregate.

Minimal effort enrichment: An ease gift is a blend of a particular venture to meet the objective sum and a declining life coverage segment. The whole target sum is paid as a base if any sort of physical ailment or demise happens.

Entire life strategy: A run of the mill entire life approach stays in compel as long as the policyholder is alive. The hazard is secured for the whole existence of the policyholder.

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Henceforth, it is known as entire life arrangement. The entire life strategy sum and the reward are payable to the candidate of the recipient upon the passing of the policyholder.

Term life Policy: Term protection is said to be the most flawless type of life coverage. On the off chance that the safeguarded individual passes away, the family is secured by a specific sum. The arrangement is taken for a picked period and the hazard is secured for that period as it were. A term plan addresses the issues of individuals who are at first incapable to pay the bigger premium required for an entire life or a gift confirmation arrangement, however would have the option to pay for a strategy sooner rather than later.

Cash back approach: This is basically a gift arrangement, as a segment of the aggregate guaranteed is paid to the policyholder as endurance benefits at fixed interims, before the development date. The hazard spread on life proceeds for the full total guaranteed considerably after installment of endurance advantages, and reward is additionally determined on the full whole guaranteed. On the off chance that the policyholder makes due till the finish of the arrangement term, the endurance advantages would be deducted from the development esteem.

Joint life arrangement: Joint life approaches are like gift strategies and offer development advantages to the policyholders, aside from covering the dangers, similarly as the other life coverage approaches. Yet, joint life approaches are sorted independently as they spread two lives all the while. These approaches offer a novel bit of leeway for a wedded couple or for accomplices in a business firm.

Kids' protection approach: Children's protections arrangements incorporate those that guardians or legitimate gatekeepers give as disaster protection to their kids structure their introduction to the world. The hazard spread begins from the time the youngster achieves the age of 12/17/18/21 according to the arrangement record.

Gathering approach: Life protection security under gathering arrangements is given to different gatherings, for example, managers, representatives, experts, co-agents, flimsier areas of society, and so forth. It additionally gives protection inclusion to individuals in certain affirmed occupations at the most minimal conceivable premiums. Other than giving protection inclusion, it likewise offers bunch plans to businesses that permit the subsidizing of the tip and the benefits liabilities of the businesses.

Unit Linked Insurance Plan (ULIP): This is a market-connected protection plan. ULIPs give life coverage joined investment funds at advertise connected returns. Premium cash is put contrastingly in the ULIP contrasted and protection plans. With a gift plan, the premium is essentially put resources into hazard free protections like government protections

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(G-secs) and fixed pay protections with high FICO score. Be that as it may, in ULIP premium cash gets put resources into value shares alongside corporate securities and G-secs.

2. Statement of the Problem

Insurance plays a vital role in the development of national economy. It act as a protecting shield for both the companies as well as the general public and it protects them from huge loss due to natural calamities such as fire, flood, etc., and loss of life due to accident. Before the year 2000 there was only one life insurance company named " Life Insurance Corporation of India" but at present there are many private foreign insurance companies in India. The corporation between the insurance companies is acute consumer preference may change during time to time. Life Insurance Corporation offers a variety of schemes and policies. So the research intends to make this study related to investor preference in life insurance in Life Insurance Corporation.

3. Scope of the Study

There are many types of insurance schemes suit to the needs of every investor. The data for this study has been collected from the investors residing in Tirunelveli who has invested in various insurance schemes under Life Insurance Corporation of India. Data has been collected from a sample of those who have invested in this institution. The study intends to find out the satisfactory level of LIC policyholders.

4. Objectives of the Study

1. To review the history and growth of LIC of India in the study area
2. To analyse the age group of the respondents
3. To analyse the education level of the respondents
4. To find out the occupational status of the respondents
5. To identify the satisfaction level of the respondents after investing
6. To analyse the association between the age group and type of plan opted
7. To interpret the findings and suggestions of the study.

Sampling and Data Collection

Simple random sampling method was adopted to select sample for this study. In this research primary data were collected through simple questionnaire from 138 respondents. Secondary data were collected from text books, journals, reports, previous dissertations, project work etc.,

Tools for Analysis

Chi-Square test: The Chi-Square distribution is merely the distribution of the sum of the squares of a set of normally distributed random variables. Its value stems from the fact that

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the sum of random variables from any distribution can be closely approximated by a normal distribution as the sum includes a greater and greater number of samples. Thus the test is widely applicable for all distributions. A Chi-Square test, also referred to as Chi-Square test or χ^2test, is any statistical hypothesis test in which the sampling distribution when the null hypothesis is true. Also considered a chi-squared test is a test in which this is asymptotically true, means that the sampling distribution (if null hypothesis is true) can be made to approximate a Chi-squared distribution as closely as desired by making the sample size large enough.

5. Limitation of the Study

The present study is subject to some limitations which are considered as obstacles in pursuing this research.

1. The researcher has undertaken this project only for a period of 3 months only.
2. Since it is short-term project, the researcher has taken only 138 samples for the study; which is too small when compared with total population.
3. Due to time and money constraints, the researcher has limited the analysis part also.

Data Analysis and Interpretation

Age wise classification of the Respondents (Table 1)

S.No	Age (in years)	No. of Respondents	Percentage
1	Less than 30	36	26.08
2	30-40	32	23.18
3	40-50	50	36.24
4	Above 50	20	14.50
	Total	138	100

Source: Primary data

The above table explains that 36.24 % of the respondents are belonging to the age group of 40-50 years. 26.08% of the respondents are belongs to less than 30 years of age. 23.18% of the respondents are belonging to 30-40 years and 14.5% of the respondents are belonging to above 50 years of age. Therefore it is observed that, 36.24% of the respondents are belonging to 40-50 years of age group.

Level of Education of the Respondents (Table 2)

S.No	Level of Education	No. of	Percentage

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		Respondents	
1	Up to School level	25	18.12
2	Graduate	69	50.00
3	Post Graduate	39	28.26
4	Professional qualification	5	3.62
	Total	138	100

Source: Primary data

Table2 exhibits that about 50% of the respondents were educated up to Graduate level and 29% of the respondents were educated up to Post graduate level. The numbers of respondents attained school level education were very few about 18%. Only 4% of the respondents were gained the professional qualification.

Occupational status of the respondents (Table 3)

S.No	Occupation	No. of Respondents	Percentage
1	Government employee	61	44.20
2	Private employee	29	21.01
3	Businessmen	07	5.07
4	Retired employee	01	0.72
5	Professional	09	6.52
6	Others	31	22.46
	Total	138	100

Source: Primary data

Table 3 presents that respondents who are government employee are more in this study which is 44% of the total number of respondents and respondents who are retired employee is very low which is 0.72% of the total number of respondents. So it is concluded that most of the respondents are government employee which is 44%.

Satisfaction level of respondents After investing in Insurance plans of LIC (Table 4)

S.No	Satisfaction level after investing in LIC policies	No. of Respondents	Percentage
1	Highly satisfied	52	37.68
2	Satisfied	84	60.87
3	Dissatisfied	02	01.45

4	Highly dissatisfied	00	0.00
	Total	138	100

Source: Primary data

The above table indicates that 60% of respondents are satisfied after investing in LIC policies and 01.45% of the respondents are dissatisfied after investing in LIC insurance plans. So it clearly shows that 60% of the respondents are satisfied with LIC plans after investment in those plans.

Chi-Square Test:

Hypothesis (H0): There is no significant association between the age and type of plan opted by LIC policy holders.

Association between Age group and type of plan opted (Table 5)

		Type of Policy						Total
		Endow ment Policy	Single Premium	Children Policy	Pension plan policy	Money Back policy	All the above	
Age wise	Less than 30	17	8	6	0	2	3	**36**
	30-40	12	8	1	2	6	3	**32**
	40-50	28	4	4	0	6	8	**50**
	Above 50	12	1	0	0	2	5	**20**
Total		**69**	**21**	**11**	**2**	**16**	**19**	**138**

Table value at 5% level = 24.996

Calculated value of χ^2 = 21.597

The calculated value is lesser than table value. Hence, the null hypothesis is accepted and we accepted and we can conclude that there is no significant association between age and the type of plan opted by the LIC policyholders.

6. Findings of the Study

1. The majority (36.24%) of the respondents are belonging to 40-50 years of age group.

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2. More than 50% of the respondents were educated up to Graduate level.
3. The majority (44%) of the respondents are government employees.
4. 60% of the respondents are satisfied after investing in LIC policies.
5. There is no significant association between age and the type of plan opted by the LIC policyholders.

7. Suggestions

1. LIC shall further enhance their quality of services to attract more customers.
2. Meetings for policyholders shall be conducted frequently and will bring more awareness about different schemes available.
3. More training to the agents shall be provided. So that they can encourage more investments in the LIC.
4. LIC should introduce more schemes to cover low income people.

8. Conclusion

Satisfied policyholders are the real time assets of the corporation. Most of the respondents hold only one policy for their life cover in LIC. Endowment plan is highly preferred by the respondents followed by Single Premium plan, Money Back Plan, Children Policy and Pension Plan policy. Majority of the respondents are regularly paying premium and the respondents are satisfied with the returns from their policy and states that the charges are reasonable in LIC. The policyholders are well satisfied with the plans and services provided by LIC. The common public is not aware enough about insurance and its benefits.

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