Policyholders Satisfaction of Life Insurance Products with Reference to Coimbatore District

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Abstract: The insurance sector opened up and new players entered the space before 15 years. At present the industry has 24 life insurance companies, 28 general insurance companies and 1 reinsurance company. Satisfaction is an important milestone in insurance products, especially at a time when the industry's reputation has been spoiled by mis-selling and improper disclosures of returns by agents. In that LIC holds majority market share in life insurance industry. The objective of the study is to understand the policyholder's satisfaction and the various factors contributing to the satisfaction level. The primary data was collected by using the structured questionnaire and secondary data was collected by using journals, newspapers and the internet. The study area was limited to Coimbatore District. The reason to conduct the study in Coimbatore district is previously no researcher had done the satisfaction study in life insurance and IRDAI regulatory body had insisted all the insurance companied to disclose the lapsation of the policies. The population is not clear and it is infinite. Hence the sample size selected is 300 for the study.
Keywords: Risk management, Satisfaction, Industry's reputation.

I.   Introduction

The concept of insurance is pooling of risks. In a contract of insurance, the insurer agrees or undertakes in consideration of a sum of money (premium), to make good the loss suffered by the policyholder against a specified risk such as fire and any other similar contingencies or beneficiaries on the happening of a specified event. According to a survey by Indian Market Research Bureau (IMRB), LIC policyholders are among the most satisfied in the industry. It is top of the list of 10 insurance brands ranked on the basis of customer satisfaction followed by SBI Life Insurance and ICICI Prudential Life Insurance at second and third place. (http://www.business-standard.com/article/management/lic-reliance-general). Insurers have a problem in making their policyholders satisfied. The insurance industry consists of large number of players and the fact that the premiums collected will be thousands of crores. Life insurers collected new business premiums of close to Rs 11, 3140 crore in the financial year 2015. The annual syndicated customer satisfaction report was prepared by Customer Satisfaction Management and Measurement (CSMM), a division of IMRB International assumes great significance on satisfaction. The report states, 'Customer satisfaction has improved considerably in the market in terms of both service and product' and as per the 2015 survey, close to 60 per cent of the policyholders are 'truly loyal' to their insurance providers, which is significantly better than 2014. (Source: http://www.business-standard.com/article) At present every insurer invests more in customer engagement, face-to-face interactions, faster claim payments or any other service. The aim is to ensure that customer should experience positive satisfaction. Among all other companies LIC has scored over its private sector competitor and it is followed by Bharti AXA, Kotak and Reliance in the private sector.

Customer Satisfaction towards Life Insurance

In today's competitive era, satisfied policyholders are the key for the success of any business. The golden rule of marketing is that "one satisfied policyholder brings hundred more policyholders"; so this rule is followed by every business to meet the competition or to survive in the market. It is true that insurance business cannot survive without policyholders. Customer satisfaction needs to be analyzed to know the demand of policyholders from the company in the form of products/services. A satisfied customer is the back bone for any insurance companies. For Business progress and expansion to serve costumer is not the only objective, but keep them satisfied is the most important objective. Satisfied customers are the main assets for any organizations in their long term future progress.

Statement of the Problem

Some of the challenges faced by the insurance sector pertain to the demand condition, competition in the sector, product innovation, delivery and distribution system, use of technology regulations. Therefore, the future growth depends on how service oriented insurers will satisfy their policyholders. On the demand side, the rise in income will trigger the growth physical and financial assets. However servicing of the large domestic market in India is a real challenge. If policyholders are not satisfied in long run it will result in more number of lapsation of the policies. In this context, it is felt necessary to understand the changing needs of the policyholders and understand the factors contributing to the satisfaction of the policyholders. As per data released by the Insurance Regulatory and Development Authority of India (IRDAI), the life insurance industry collected weighted new business premium of over INR99 billion over the first quarter of FY2015-2016, a year-on-year growth of 2.0%. While the private life insurance sector witnessed a double digit growth of 17.8% in its weighted new business premium collections, the industry was pulled down by a fall of 8.9% witnessed by the state-owned Life Insurance Corporation of India (LIC) in the same period which can be attributed to a sizeable fall of 11.9% in its individual weighted new business premium. As a result, the overall market share of LIC declined from 59.1% to 52.7% in the first quarter of FY2015-16 (Source: www.irdai.com).Even though the private players is increasing its profitable growth, LIC is declining its new business growth. The success of the business depends on the satisfied customers. Hence the study is done to identify the various factors to ascertain factors influencing policyholders' satisfaction.

II. Review of Literature

J.D. Power(2011)[1] in their article titled, "Policyholders Satisfaction with the Agency-Based Sales Surpasses Satisfaction with Direct Sales in Japan", reveals that policyholders are more satisfied with timely services, procedure and documentation followed, low premium and innovative products offered by the Prudential Life Insurance Company. **Ravipa Larpsiri and Mark Speece (2004)[2]** carried out a study on "Determinants of customer Satisfaction: A Model of Technology Integration in Thailand's Insurance Industry" depicts that magnitude of technology integration directly influences customer satisfaction whereas technology readiness of salespeople and customer indirectly influences the customer satisfaction towards insurance provider. **Song Hongmei(2006)[3]** in his survey entitled, "Insurers Score Low in Client Satisfaction", observes that the policyholders are dissatisfied with the insurer's services with regard to customer complaint lodged and claim settlement. **Ashley et al.(1999)[4]** in their article entitled, "The Focus of Business is Customer satisfaction", reveal that agents thorough knowledge of the product, capability to understand the customer needs and recommend suitable policy to the customer, prompt delivery of product and responsiveness increases the policyholders satisfaction. **Anshuja Tiwari and Babita Yadav(2012)[5]** in their article "Analytical Study on Indian Life Insurance Industry in Post Liberalisation" reveal that prompt customer service, after-sales services, innovative products with flexibility and better communication influences the customer satisfaction towards private life insurers than public sector insurer, LIC.**Deepika Upadhyaya and Manish Badlani (2011)[6]** carried out a study entitled, "Service Quality Perception and Customer Satisfaction in Life Insurance Companies in India", with a view to identify customer satisfaction in retail life insurance in India. They identify that the policyholders are more satisfied with the pricing factor followed by employee competence, product and service, technology, physical ambience of the company, trust, service delivery, advertising and service management. **Lawrence and Nancy Stephens (1987)[7]** in their study titled, "Effects of Relationship Marketing on Satisfaction, Retention and Prices in the Life Insurance Industry", reveal that well-organised marketing enrich the service quality which in turn improves the policyholders level of satisfaction. **Kaur et al. (2010)[8]** carried out a study entitled, "A Study on Customer Satisfaction with Life Insurance in Chandigarh, Tricity", observe that policyholders are more satisfied with the policy features, price, maturity benefits and tax saving contents. **Panchanatham et al. (2008)[9]** carried out a study entitled, "A Study on Policy Holders Expectation and Preference towards Selected Private Life Insurance Companies in Karur District", identify that the policyholders are highly satisfied with the premium amount fixed by the company and the maturity amount received after the maturity period. **Paromita Goswami (2007)[10]** carried out a study captioned, "Customer Satisfaction with the Service Quality in the Life Insurance Industry in India", to identify the dimensions of service quality that ensures maximum satisfaction for the customers in the life insurance industry. He finds that customers are more satisfied with responsiveness dimension of service quality namely, promptness and timeliness in service as well as willingness to help the customers.

III. Research Gap

Several studies have been taken up to evaluate the satisfaction of customers in insurance business and Indian insurer's perception towards private life insurance. While it is common knowledge that a satisfied client would continue to stay with the insurer for the entire period of contract. Satisfaction is linked with the lapsation of policies. No researcher had done satisfaction and lapsation of the study together. Hence the proposed study is an

empirical attempt to fill the research gap and also to study the factors contributing to the satisfaction of the policyholders among the insurance companies in Coimbatore district.

Objectives of the Study
The present study has been carried out in order to:
1) To identify the nature of service that increase policyholder's satisfaction.
2) To ascertain factors influencing policyholders satisfaction.

III. Research Methodology

The study is based on both primary and secondary data. Primary data collected through well structured questionnaire. Secondary data collected from journals, newspaper and Internet. There do not exist any database pertaining to lapsation in Coimbatore district. Therefore, it has been planned to collect data from 300 policyholders by adopting convenience sampling procedure. Considering policyholders secrecy, insurance companies hesitate to disclose list of lapsed policy details. Therefore, it has been planned to collect data from 300 policyholders by adopting convenience sampling procedure.

Analysis and Interpretation
To ascertain nature of service that increase policyholder's satisfaction, Fried man Rank test is employed.

Table 1: Reasons for Policyholder's Satisfaction

Reasons	Mean Rank	Rank
Guidance of the advisor at the time of selecting the policy	10.13	12
Procedures followed are simple while inception of the policy	10.32	10
Assistance rendered by the officials in filling up the forms	10.69	9
Information provided in the brochure is clearly explained	11.46	4
Terms and conditions of the policy is well defined	8.63	19
Timely issue of policy document	9.14	18
Timely issue of premium reminder notice	9.15	17
Amount of bonus declared	9.93	13
Processing time for loan	11.21	5
Interest on loan	11.21	5
Availability of the schemes	10.89	7
Working hours	10.85	8
Employees behaviour	9.22	16
Knowledge of the employees	10.24	11
Display of posters and pamphlets	11.82	3
Mass media advertisement	12.36	2
Brand awareness campaigns	9.66	15
Modern equipment at the office	9.78	14
Online service portal	10.93	6
Grievance redressal System	12.41	1

(Source: Primary data collected through questionnaire)

From the above table it is inferred, that majority of the policyholders are satisfied with regard to Grievance redressal procedure followed in the insurance company, followed by Mass media advertisement and Display of posters and pamphlets above the new product launched in the market by the insurance companies.

Factors associated with policyholder's satisfaction:
 To find association between socio economic factors and level of policyholders satisfaction, chi-square tests is employed. Nine independent variables namely area of residence, Gender, Age, marital status, Education qualification, occupation, monthly income, total savings and sum assured. Out of nine variables three variables are found to be significantly associated. marital status and educational qualification are found to be significantly associated at one per cent level where as sum assured is found to be significantly associated at five per cent level. In the following paragraph, variable which are significantly associated are explained.

Table: 2 Factors associated with Policyholder's Satisfaction

Variables	Level of Satisfaction			Total	Chi square Value
Area of Residence	**Low**	**Moderate**	**High**		
Urban	13(23.60)	35(63.60)	7(12.70)	55(100.00)	2.519
Semi-urban	31(17.60)	116(65.90)	29(16.50)	176(100.00)	
Rural	11(15.90)	50(72.50)	8(11.60)	69(100.00)	
Gender					
Male	17(21.50)	52(65.80)	10(12.70)	79(100.00)	0.911
Female	38(17.20)	149(67.40)	34(15.40)	221(100.00)	
Age					
Up to 25	20(23.00)	49(56.30)	18(20.70)	87(100.00)	7.581
26 to 50	26(17.80)	101(69.20)	19(13.00)	146(100.00)	
Above 50	9(13.40)	51(76.10)	7(10.40)	67(100.00)	
Marital Status					
Married	37(16.30)	163(71.80)	27(11.90)	227(100.00)	10.210**
Unmarried	18(24.70)	38(52.10)	17(23.30)	73(100.00)	
Education					
Illiterate	5(41.70)	7(58.30)	0(00.00)	12(100.00)	27.515**
SSLC	10(41.70)	14(58.30)	0(00.00)	24(100.00)	
H.Sc	4(30.80)	8(61.50)	1(07.70)	13(100.00)	
Diploma	12(16.00)	56(74.70)	7(09.30)	75(100.00)	
Under Graduate	15(11.90)	84(66.70)	27(21.40)	126(100.00)	
Post Graduate	9(18.00)	32(64.00)	9(18.00)	50(100.00)	
Occupation					
Agriculturists	5(16.70)	22(73.30)	3(10.00)	30(100.00)	7.146
Business	14(16.90)	58(69.90)	11(13.30)	83(100.00)	
Salaried	8(16.70)	34(70.80)	6(12.50)	48(100.00)	
Professional	10(17.90)	32(57.10)	14(25.00)	56(100.00)	
Retired	6(22.20)	18(66.70)	3(11.10)	27(100.00)	
Homemaker	12(21.40)	37(66.10)	7(12.50)	56(100.00)	
Monthly Income					
Up to 25000	12(19.70)	38(62.30)	11(18.00)	61(100.00)	4.239
25001 to 50000	36(17.30)	140(67.30)	32(15.40)	208(100.00)	
Above 50000	7(22.60)	23(74.20)	1(03.20)	31(100.00)	
Total Savings					
Up to 7500	27(18.40)	96(65.30)	24(16.30)	147(100.00)	0.690
7501 to 15000	15(17.90)	58(69.00)	11(13.10)	84(100.00)	
Above 15000	13(18.80)	47(68.10)	9(13.00)	69(100.00)	
Sum assured					
Up to 100000	22(18.20)	78(64.50)	21(17.40)	121(100.00)	10.089*
100001-200000	24(21.60)	79(71.20)	8(07.20)	111(100.00)	
Above 200000	9(13.20)	44(64.70)	15(22.10)	68(100.00)	

(Source: Primary data collected through questionnaire)

Findings:
Marital status:
The percentage of policyholders with high level of satisfaction is found among unmarried policyholders. The percentage of policyholders with low level of satisfaction is found among unmarried policyholders. Comparing the percentage, it is inferred that policyholders who are unmarried have low level of satisfaction.
Educational Qualification:
The percentage of policyholders with high level of satisfaction is found among under graduate policyholders. The percentage of policyholders with low level of satisfaction is found among SSLC and Illiterate policyholders. Thus it is inferred that policyholders who are under graduate have high level of satisfaction.

Sum assured:
The percentage of policyholders with high level of satisfaction is found above 200000 sum assured. The percentage of policyholders with low level of satisfaction is found among 100001 – 200000 sum assured. Thus it is inferred that policyholders above 200000 sum assured has high level of satisfaction.

Suggestions:
- The insurance companies have to work and concentrate on time-based competition, quality, product range, timely advertisement, follow up, prompt and error-free services which are the key ingredients for the better service and it will boost up the sales.
- Policyholders of life insurance policies seek personalized services and constant support in financial planning e.g. flexible payment schedule, flexible product solution,
provisions for convertibility of products and supplementary services etc. So, service
providers should encourage the agents to assume wider roles, that of financial consultants.
- The declarations in the proposal form are the basis on which the insurance companies underwrite policies. Occupational risk is a key measure to evaluate wellness and risk of providing insurance. Insurance companies should have a detailed segregation of occupations based on the level of exposure to hazard, which is used to arrive at a suitable premium and suitable sum assured.
- The study reveals that the uneducated policyholders showed low level of satisfaction. To overcome this problem the insurance companies should have separate department for policy servicing and guidance in issuing of the policy.
- Dissatisfied customers are more likely to pay late. The friendly calls will help the companies meet their customers' needs. They can take various steps to explain that this is the last opportunity for the customer to pay and possibly take further legal action. Be sure to communicate the benefits of resolving the issue maintaining good relations or good credit.
- The proposer as a basis of the contract, by the policy agree in consideration of and subject to due receipt of subsequent premiums, as set out in schedule subject to terms and conditions contained in the policy.
- It is generally insurer put into writing for clearer definitions of terms and conditions. The preamble of the policy states that proposal and declaration signed by party form basis of the contract.
- On the basis of the policy, the standardised terms and conditions applicable to all persons insuring under a particular plan period.
- At present all 24 life insurance companies are operating in India and each one is issuing policy formats with different variations. As there is no uniformity and it is difficult for the market as well as policyholders to comprehend and make reasonable comparisons of terms and conditions, privileges and benefits offered by different insurers. Hence, it is worthwhile that a serious attempt at the earliest to reduce the complexities of the policy bond with judicial standardisation which provides much needed solution with compromising the competitive spirit of market.
- The contract should not use technical legal terms, other than commonly understood legal terms. It should use short words, sentences and paragraphs. The contract should not use sentences that contain more than one condition.
- There should be a provision for a continuous feedback from the policyholders through an external agency like customer satisfaction surveys, service score cards, post policy questionnaire etc.
- Making insurance literature available in regional literature. There should be a provision for a continuous feedback from the policyholders through an external agency like customer satisfaction surveys, service score cards, post-policy questionnaires etc.
- The IRDAI website and its annual reports speak volumes of customer dissatisfaction in the areas of mis selling, unfair business practices and policy service related complaints.
- From the study it is prevalent that most of the uneducated policyholders are dissatisfied. This is mainly due to insurance illiteracy. The role of insurance intermediaries is paramount in creating insurance awareness, as these advisors identify and meet the prospects at their door steps. Insurers should ensure that the trust and understanding of the uneducated community by raising market awareness.
- If premium notices not being received by policyholders will result in lapse of insurance policy. Sending advance premium notices therefore has become an essential part of the services rendered by the insurance company to the policyholders.
- Sending premium notices is not legal obligation under the contract and non receipt of the notice will be no excuse for non payment of premium. IRDA should enforce the insurance companies sending premium notice as compulsory one.

V. Conclusion

A dissatisfied customer spreads the message of dissatisfaction to the determinant of organization interests. Parameters of service excellence would have to be developed to ensure that customer satisfaction levels are kept high. Therefore, need to examine various aspects of service excellence and customer equity so as to ensure customer satisfaction in an era where consumer empowerment is steadily rising. An efficient system ensures customer satisfaction and thus, customer loyalty, beneficial to all the stakeholders of the insurance ecosystem. Prompt delivery of services in insurance key to customer satisfaction and business growth.

Future Scope of the Study:

This study was carried to indentify the nature of service that increase policyholder's satisfaction in public and private sector life insurance companies. This study can be extended to identify the satisfaction of the policies in other segment of insurance industry like health insurance, property insurance and agriculture insurance and further a comparative study between the private and public sector insurance company can be carried on.

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