

PERCEPTION STUDY: A CASE OF LIC

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Abstract: LIC of India occupies the important role in financial sector of an Indian economy life insurance provides strong management framework of claim settlement with updated technology, claims settlements are done in proper manner and within said durations. Now days most people are covered under the life insurance corporation of India and they are also aware of various types of life insurance services. They consider claim settlement process and its returns. Chi-square test is applied in the paper to check the authenticity of data given by policyholders. This study is focused on the perception of policyholders towards LIC and its impact on the sales of life insurance policies. In this paper the socio-economic status of policyholders basing on different demographic factors to their monthly savings was done through collecting primary data using questionnaire method, observations and interviews by 100 respondents.

Keywords: Life Insurance Policy – Policyholders – Perception- claim.

1. INTRODUCTION :

Insurance occupies an important position in the financial sector of an economy. In a period of half a century the insurance sector in a country has come in a full circle from being an open competitive market to compete nationalization and then back to a liberalized market. The investigation of policyholders/claimants of LIC in various types of occupation in the rural and urban area of Belgaum district of Karnataka state is dealt by researchers. In this paper, an association between demographic factor and their monthly savings of policyholders were identified using chi-square test. The collected data has been classified and obtained a frequency and percentage distribution basing on demographic factors and monthly savings. The association between various demographic factors and monthly savings were tested by using chi-square test and also measured the strength of the association between them using SPSS package.

2. USES OF LIFE INSURANCE POLICIES :

- **Encouragement of Compulsory Savings -**
This builds the habit of longtime savings thereby developing the attitude of savings. Thus it possesses a tremendous psychological advantage as a method of saving because it is semi-compulsory in nature.
- **Facilitation of Liquidity -**
Insurance facilitates and maintains liquidity. If the policyholder is not able to pay the premium, he can surrender the policy for a cash sum.
- **Provision of Profitability -**
Insurance is a source of investment. It provides economic security and better family life. The element of profitable investment has made insurance more attractive.
- **Assistance in Odd Situations -**
Life insurance is a necessity for a person having responsibilities of the family. It helps the dependents of insured by providing for education, housing, medical treatment and marriage of children.
- **Facilitation of Loan -**
Policyholders have the option of taking loan against the policy. This helps policyholders meet unplanned life stages needs without adversely affecting the benefits of the policy they have bought.
- **Tax Relief -**
The money paid toward, insurance premium is deducted from the gross income and this is really an investment.
- **Mental Peace -**
Insecurity and uncertainty in life is the main cause of mental worries. Life insurance helps in reducing this uncertainty and security as it is known that insurance company will come to his rescue in case the risk feared occurs.

3. REVIEW OF LITERATURE :

Yusuf O. Tajudeen, & Abass O. Adebawale (2013) in his paper stated that a claim manager must possess certain qualities like understanding the customers, choosing the right claims model for the business, developing a mutually beneficial relationship with service providers, gaining an information advantage and taking a greater control of the claims process and fraud management.

Dr. P. B. Ashturkar (2014) in his paper stated that the Life Insurance Corporation of India being the oldest player in the market has received maximum number of claims and the private sector companies closely follow it. The companies wanting to stay in the insurance business for a long have tried to maintain the claim settlement ratio above 90% of the claims received. Private

sector companies having lower percentage of claim settlement may fail to enhance their market share as the bigger companies may use claim settlement as the selling point. Higher percentage of the claim settlement will attract potential consumers towards companies maintaining higher percentage of the claim settlement.

Doris Hoopes : ‘The Claims Environment’ 10.5 2nd ed., Insurance Institute of America (2000). Indeed, claims management reviews the same claims files the Respondents in this matter are seeking through “claim audits” to determine whether the field adjusters are properly performing the claims function.

4. DATA SOURCES AND METHODS :

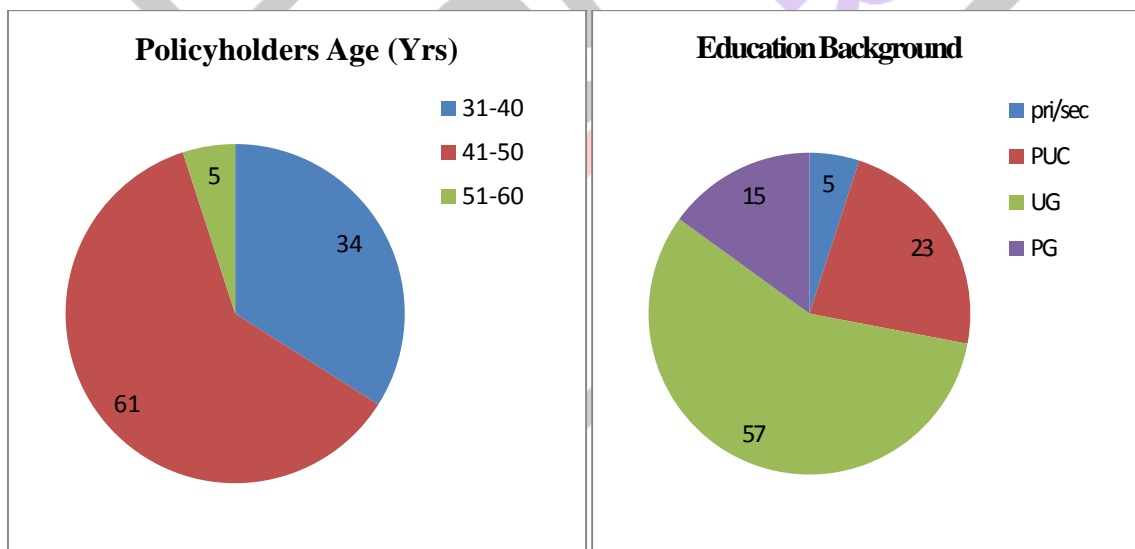
Primary data was collected through questionnaire, observation and interviews. The uni-variate and bi-variate data analysis was presented for the descriptive statistical data, which is the simple and best way to present numeric percentage. The chi-square test is used to test the association between socio-economic status based on their monthly savings and demographic factors age , education , marital status and family type among 100 samples 46(46%) policyholders belongs to rural 54(54%)are belongs to urban area. The district statistical analysis reveals that 72% policyholders are male and 28% are female belongs to Belagavi district.

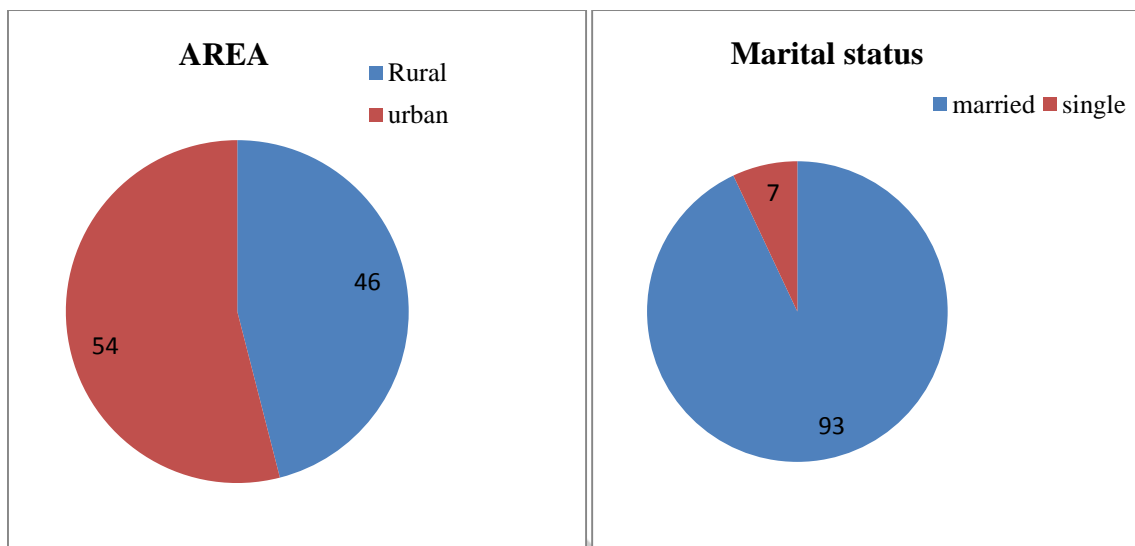
5. PRELIMINARY ANALYSIS OF CLASSIFIED DATA :

The classified data based on different types of occupations by area is presented and analyzed by the researchers. The distribution of types of occupations of 100 claimants with respect to various demographic characteristics is presented in the following table.

Table 5.1: Allocation of Respondents by Demographical Characteristics

Age (yrs)	No of claimants (%)	Education	Number of claimants (%)
34	34(34%)	Primary/secondary	05 (5%)
61	61(61%)	PUC	23 (23%)
05	05(5%)	Degree	57(57%)
		PG	15(15%)
Marital status		Area	
Single	93(93%)	Rural	46(46%)
Married	07(7%)	Urban	54(54%)
Total	100	Total	100





6. Link Between Demographic Factors And Area :

In this section the Link between different demographic factors and area were identified by collecting primary data special reference to Belagavi district and using chi-square test.

Gender	Area		Total (%)
	Rural	Urban	
Male	35 48.61%	37 51.38%	72 72.0%
Female	12 42.85%	16 57.14%	28 28.0%
Total	47 47.00%	53 53.00%	100 100.0%

Table -6.1: Gender and area of the respondents

$$\chi^2 = 0.605 \quad DF = 1 \quad \chi^2 (.05) = 3.84$$

When asked to claimants, about their gender, here out of 100 claimants, male are 72 and female are 28. It indicates that the male policyholders are more in number in investing in life insurance of India compared to female savers.

Table - 6.2: Age and Area of the Respondents

Age(yrs)	Area		Total (%)
	Rural	Urban	
31-40	20 58.88%	14 41.17%	34 34.0%
41-50	25 40.98%	26 42.62%	61 61.0%
51-60	02 40.00%	03 60.00%	05 05.0%
Total	47 47.00%	43 43.00%	100 100.0%

$$\chi^2 = 0.235 \quad DF = 2 \quad \chi^2 (.05) = 5.99$$

When asked to claimants, about their age, here out of 100 claimants, between 31-40yrs are 34, age between 41-50 are 61 and age between 51- 60 are 05. These indicate that middle age policyholders are more in number in investing in life insurance of India as compared to youngsters and old age people.

Table 6.3: Marital status and Area of the respondents

Marital status	Area		Total (%)
	Rural	Urban	
Married	41 44.08%	52 55.91%	93 93.0%
Singles	06 85.71%	01 14.28%	07 07.0%
Total	47 47.00%	53 53.00%	100 100.0%

$$\chi^2 = 0.033 \quad DF = 1 \quad \chi^2 (.05) = 3.84$$

When asked to claimants, about their marital status, out of 100 claimants, married are 93 and singles are 07. This indicates that the married policyholders are more in number in investing in life insurance of India as compared to singles.

Table 6.4: Educational Background and Area of the Respondents

Educational background	Area		Total (%)
	Rural	Urban	
Primary/Secondary	03 60.0%	02 40.0%	05 05.0%
PUC	09 39.13%	14 60.86%	23 23.0%
UG	27 47.36%	30 52.63%	57 57.0%
PG	08 53.33%	07 46.66%	15 15.0%
Total	47 47.00%	53 53.00%	100 100.0%

$$\chi^2 = 0.764 \quad DF = 3 \quad \chi^2 (.05) = 7.84$$

When asked to claimants, about their educational background, here out of 100 claimants, respondents with primary education are just 05, while with PUC level education are 23, under graduates are 57 and post graduates are 15. These highlight that the educated people are more in number in investing in life insurance of India as compared to uneducated people.

7. CONCLUSION:

The data were analyzed speak that there is an association between the demographic factors like age, education, area and marital status with socio-economic factors and its percentage of association shows as 60, 24, 3 and 76 respectively for the four factors. The research findings reveal that the demographic factors like age, education, area and marital status are influence the socio- economic status of policyholders mainly on their income and savings for investment on insurance.

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