

## **Policyholder's Awareness of LIC's Services With Reference To Tirupur District, Tamilnadu**

Dr. N. Kathirvel<sup>1</sup>, S. Radhamani<sup>2</sup>

<sup>1</sup>Assistant Professor, Department of Commerce, Govt Arts College, Udamalpet  
<sup>2</sup> Ph.D. (P.T), Scholar, Department of Commerce, Karpagam University, Coimbatore

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**Abstract:** *The insurance industry as a financial service is considered as one of the most important segments in an economy for its growth and development, particularly in the developing economy like India. The key to insurance growth is through an integrated approach which includes creating awareness about insurance. By and during the 19th century, Indians were generally becoming aware of the benefits and utility of life insurance, though there was widespread apprehension that insuring one's life meant courting death. In the local languages of India, life insurance was often described as Registration for Death despite the inimitable advantages that insurance offered to all types of people. The major objectives of this research are to ascertain the socio-economic profile of sample respondents and identify the awareness level of policyholders in LIC's services. This research has motivates to develop the customer awareness. The data required for the study is of primary nature. Primary data have been selected by making use of interview schedule by adopting simple random sampling method with three hundred policyholders. From the analysis of the study, it is identified that Age and Number of Policies are found to be associated with policy holder's awareness. To conclude this study, Insurance companies should spread more awareness about life insurance, offer reduction in premium amount and give more attention on need- based innovative products.*

**Keywords:** *Life Insurance, Policyholder's Awareness, Life Insurance Policies.*

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### **I. Introduction**

Insurance is one major sector which has been on a continuous growth curve since the revival of the Indian economy. Taking into account the huge population and growing per capita income besides several other driving factors, a huge opportunity is in store for the insurance companies in India. Even to this date, Life Insurance Corporation of India dominates Indian insurance segment and significantly contributes to income generation and employment. The huge and ever rising population levels in our country provide an attractive opportunity but still nearly 70% Indian lives are un-insured. Efficient awareness strategy enables the insurer to provide right product, to right person and at the right time. Human life is a most important asset and life insurance is the most important type of insurance which provides financial protection to a person and his family at the time of uncertain risks or damage. Life insurance provides both safety and protection to individuals and also encourages savings among people. Indian life insurance industry has achieved only a little because of the lack of insurance awareness, ineffective marketing strategies, poor affordability and low investment in life insurance products. The study is basically intended to discover and examine the factors affecting policyholder's awareness in life insurance policy. In an increasingly competitive economy the need for insuring against risk is well recognized.

### **II. Review of Literature**

#### **A. Raman and Gayathri (2004)**

In their research paper had found out the awareness about new insurance companies and preference of investors towards investments in insurance companies in future. The major findings of the research are that the majority of the respondents have taken insurance to cover risk and also have taken up policies other than LIC. It is also observed that majorities were aware of the new insurance companies and, more over, they opted for new companies due to reasonable premium.

#### **B. Sheela.P and Arti.G (2007)**

Stressed the insurance companies have to understand the changing needs of customers. They have to develop viable and cost-effective distribution channels, build consumer awareness and confidence which will together contribute in further strengthening the insurance business in India. The study revealed that though majority of the respondents are aware of life insurance and its significance, only 41.7% of them have opted for insurance coverage. The study indicated that saving element was the main element that made them to purchase life insurance policies.

### III. Statement of the Problem

In the huge service sector, insurance sector is one of the most important entities which has been growing relatively fast in India and offers abundant growth opportunity to the life insurers. Insurance occupies an important place in the complex modern world since risk, which can be insured, has increased enormously in every walk of life. The insurance sector acts as a mobiliser of savings and a financial intermediary and a promoter of investment activities. The Indian life insurance industry has achieved only a little because of the lack of insurance awareness, poor affordability and low investment in the life insurance products. The huge and ever rising population levels in our country provide an attractive opportunity but still nearly 70% Indian lives are un-insured. The study is basically intended to discover and examine the factors affecting the policyholder's awareness.

#### Objectives of the Study:

- To ascertain the socio-economic profile of sample respondents.
- To know the level of awareness of LIC's services in selected respondents in Tirupur district.

### IV. Methodology

The present study was carried out in Tirupur district. Since the main objective of the study was to analyze determinants of awareness of the life insurance, this study concentrated on the variables like the Age, and no of insurance policies. Using pretested structured interview schedule, the primary data have been collected by simple random sampling method and randomly chosen three hundred respondents from the study area. Study was conducted for one year i.e. from January 2012 to December 2012. The collected data have been analyzed by making use of statistical tools like descriptive statistics, percentages, and Chi-square test to identify the factors determining the awareness of the life insurance.

### V. Limitations of the Study

The research study was confined to Tirupur District only. The limitation in the time factor was the major constraint in collecting the data from the respondents. Generalizing the result should be taken care of in the near future.

#### Analysis and Interpretation

**Table 1: Demographic Profile of the Respondents**

S. No	Factor	Demographics	No of Respondents	percentage
1.	Gender	Male	147	49.00
		Female	153	51.00
	Total		300	100.00
2.	Age (in years)	Up to 20	26	8.70
		21 to 40	207	69.00
		Above 40	67	22.30
	Total		300	100.00
3.	Educational Qualification	Illiterate	09	3.00
		SSLC	35	11.70
		Hsc	22	25.30
		Under graduate	76	10.70
		Post graduate	126	
	Professional	32		
Total		300	100.00	
4.	Marital status	Married	167	55.70
		Unmarried	133	44.30
	Total		300	100.00
5.	Area of Residence	Urban	111	37.00
		Semi-urban	85	28.30
		Rural	104	34.70
	Total		300	100.00
6.	Occupation	Daily wage Earners		
		Agriculturist	06	2.00
		Employee	31	10.30
		Business	97	32.30
		Professional	36	12.00
		Student	24	8.00
		Housewife	74	24.70
Total		300	100.00	

	<b>Total</b>		300	100.00
7.	<b>Family income</b>	Up to Rs 15000	34	11.30
		Rs 15000 to Rs 30000	150	50.00
		Above Rs 30000	116	38.70
	<b>Total</b>		300	100.00
8.	<b>Status in the Family</b>	Head	83	27.70
		Member	217	72.30
	<b>Total</b>		300	100.00
9.	<b>Type of Family</b>	Joint	172	57.30
		Nuclear	128	42.70
	<b>Total</b>		300	100.00
10.	<b>No of Family Members</b>	Up to three	149	49.70
		Four and above	151	50.30
	<b>Total</b>		300	100.00

**Source:** Primary Data

The profile of the respondents is shown in the above table. The profile focuses on the demographics of the respondents. It shows that out of 300 respondents, 153 (51%) are Female and it depicts the domination of Female in the life insurance sector. 69 per cent of the respondents belong to the age group of 21 years to 40 years. As far the educational level of the respondents is concerned, the highest education level attained by most of the respondents was master degree level (42.00%), followed by degree level (25.30 %). It shows that majority of respondents were educated with master degree qualifications. Moreover, 55.70 per cent of the respondents are married. 37.00% of the respondents reside in an urban area. As per the classification occupation is concerned, the majority of the policyholders are employees. Based on family income, 50 per cent of respondents' family income ranges between Rs.15000 to Rs.30000. Most of the respondents belong to member's category. 57.30 per cent of the respondents belong to joint family. It is also observed that, majority (50.30 per cent) of the respondents' families have more than four family members.

### VI. Determinants of Policy Holder's Awareness

**Table2: Showing the Age with policyholder's awareness.**

Age	Level of Policyholder's Awareness			Total
	Low	Moderate	High	
Up to 20	2 (7.70%)	21 (80.80%)	3 (11.50%)	26 (100.00%)
21 – 40	22 (10.60%)	153 (73.90%)	32 (15.50%)	207 (100.00%)
Above 40	17 (25.40%)	39 (58.20%)	11 (16.40%)	67 (100.00%)
<b>Total</b>	<b>41</b>	<b>213</b>	<b>46</b>	<b>300</b>

Df: 4

Table Value: Five per cent level: 9.488

Calculated  $\chi^2$  Value: 11.234

One per cent level: 13.277

**Null Hypothesis:** There is no significant relationship between Age and level of awareness.

**Result:** Chi- square test reveals that the calculated value of chi- square 11.234 is greater than the table value at 5% level ( $\chi^2=11.234 > 9.488$ ) so the null hypothesis is rejected. There is significant relationship between age and level of awareness.

**Table3: Showing the Educational Qualification with Policyholder's awareness.**

Educational Qualification	Level of Policyholder's Awareness			Total
	Low	Moderate	High	
Illiterate	2 (22.20%)	6 (66.70%)	1 (11.10%)	9 (100.00%)
SSLC	4 (11.40%)	23 (65.70%)	8 (22.90%)	35 (100.00%)
H.Sc.,	0 (0.00%)	18 (81.80%)	4 (18.20%)	22 (100.00%)
Under Graduate	13 (17.10%)	54 (71.10%)	9 (11.80%)	76 (100.00%)

Post Graduate	19 (15.10%)	85 (67.50%)	22 (17.50%)	126 (100.00%)
Professional	3 (9.40%)	27 (84.40%)	2 (6.30%)	32 (100.00%)
<b>Total</b>	<b>41</b>	<b>213</b>	<b>46</b>	<b>300</b>

Df: 10

Table Value: Five per cent level: 18.307

Calculated  $\chi^2$  Value: 10.654

One per cent level: 23.209

**Null Hypothesis:** There is no significant relationship between Educational Qualification and Level of awareness

**Result:** Chi- square test reveals that the calculated value of chi- square 10.654 is less than the table value at 5% level ( $\chi^2=10.654 < 18.307$ ) so the null hypothesis is accepted. There is no significant relationship between Educational Qualification and Level of awareness.

**Table3: Showing the Occupation with Policyholder's Awareness.**

Occupation	Level of Policyholder's Awareness			Total
	Low	Moderate	High	
Daily Wage Earners	0 (0.00%)	5 (83.30%)	1 (16.70%)	6 (100.00%)
Agriculturist	3 (9.70%)	26 (83.90%)	2 (6.50%)	31 (100.00%)
Employee	13 (13.40%)	68 (70.10%)	16 (16.50%)	97 (100.00%)
Business	6 (16.70%)	23 (63.90%)	7 (19.40%)	36 (100.00%)
Professional	4 (16.70%)	19 (79.20%)	1 (4.20%)	24 (100.00%)
Student	11 (14.90%)	50 (67.60%)	13 (17.60%)	74 (100.00%)
Housewife	4 (12.50%)	22 (68.80%)	6 (18.80%)	32 (100.00%)
<b>Total</b>	<b>41</b>	<b>213</b>	<b>46</b>	<b>300</b>

Df: 12

Table Value: Five per cent level: 21.026

Calculated  $\chi^2$  Value: 7.701

One per cent level: 26.217

**Null Hypothesis:** There is no significant relationship between Occupation and level of awareness.

**Result:** Chi- square test reveals that the calculated value of chi- square 7.701 is less than the table value at 5% level ( $\chi^2=7.701 < 21.026$ ) so the null hypothesis is accepted. There is no significant relationship between Occupation and Level of awareness.

**Table4: Showing the Family Income with Policyholder's Awareness.**

Family Income	Level of Policyholder's Awareness			Total
	Low	Moderate	High	
Up to Rs. 15000	7 (20.60%)	19 (55.90%)	8 (23.50%)	34 (100.00%)
Rs. 15001 – Rs. 30000	21 (14.00%)	106 (70.70%)	23 (15.30%)	150 (100.00%)
Above Rs. 30000	13 (11.20%)	88 (75.90%)	15 (12.90%)	116 (100.00%)
<b>Total</b>	<b>41</b>	<b>213</b>	<b>46</b>	<b>300</b>

Df: 4

Table Value: Five per cent level: 9.488

Calculated  $\chi^2$  Value: 5.127

One per cent level: 13.277

**Null Hypothesis:** There is no significant relationship between Family Income and level of awareness.

**Result:** Chi- square test reveals that the calculated value of chi- square 5.127 is less than the table value at 5% level ( $\chi^2=5.127 < 9.488$ ) so the null hypothesis is accepted. There is no significant relationship between Family Income and Level of awareness.

**Table5: Showing the Number of Policies with Policyholder's Awareness.**

Number of Policies	Level of Policyholder's Awareness			Total
	Low	Moderate	High	
One	15 (10.60%)	108 (76.60%)	18 (12.80%)	141 (100.00%)
Two	12 (10.50%)	81 (71.10%)	21 (18.40%)	114 (100.00%)
Three	14 (31.10%)	24 (53.30%)	7 (15.60%)	45 (100.00%)
<b>Total</b>	<b>41</b>	<b>213</b>	<b>46</b>	<b>300</b>

Df: 4

Table Value: Five per cent level: 9.488

Calculated  $\chi^2$  Value: 15.705

One per cent level: 13.277

**Null Hypothesis:** There is no significant relationship between Number of Policies and level of awareness.

**Result:** Chi- square test reveals that the calculated value of chi- square 15.705 is grater than the table value at 5% level ( $\chi^2=15.705 > 9.488$ ) so the null hypothesis is rejected. There is significant relationship between Number of Policies and Level of awareness.

**The following are the findings of the study, based on inferences made from the chi-square test:**

1. The awareness about life insurance among the respondents is maximum in the age group of above 40 years. It is identified that the chi-square indicates that Age is found to be associated with policy holder's awareness.
2. Education is the driving force for the policyholders' awareness level. The results indicate that a larger proportion of policyholders posses a high education level. The current study found that the SSLC policyholders have high level of awareness on life insurance policies compared to other literates. The illiterates have low level of awareness. There is no significant relationship between Education qualification and level of awareness.
3. The business man has high level of awareness compared to other respondents. And professionals have low level of awareness. There is no significant relationship between Occupation and level of awareness.
4. The study also revealed that 20.60 % respondents are aware of the life insurance and think insurance is essential for life. But those in service with family income below Rs 15,000 are mostly aware of the various life insurance policies.
5. As per our study, 50.30% of the respondents who hold more than two policies have high level of awareness. Those who hold less than three policies have low level of awareness. There exists significant relationship between number of policies and level of awareness.

**Suggestions and Recommendations:**

1. It is essential for LIC that awareness creation interventions should be undertaken targeting the above 40 year age group and better prospects should be offered for the people. Insurance needs to take its pride of place in the lives of the people. These People will not have any contradictory view and they will have a good impression about the life insurance.
2. The LIC should create a strong interest in life insurance to those who have less than three policies, and also create a considerable awareness of various latest products that are available in the market.LIC has to educate them through the Media like cable and satellite channels that would bring interesting programmes to equip the policyholders well and motivate them to take more policies.
3. The factors that may constrain the awareness campaign include social dynamics and attitude variations within the level of education and income. Each and every product launched by the LIC should be in favor of increasing the need of policy holders.LIC can change their attitude through proper awareness campaign.
4. Policyholder's are not viewed as a homogeneous group. Daily wage earners, agriculturist, business men, professionals, students, and housewives have specific problems and specific policies should be placed to educate the policyholders and should be motivated to take policies.
5. The policyholder whose family income is above Rs 15000 has low level of awareness of life insurance as well as interest in buying policies. Hence the design of policies needs to be based on a clear

understanding of the different types of socio-economic characteristics with a regional perspective. Then only people will be interested to take many policies.

### **VII. Conclusion**

The insurance sector has come into a sharp focus in India in the recent times due to the phenomenal changes taking place in terms of number of companies offering insurance products, the variety of products in the market and the proliferation of intermediaries selling them. In spite of the healthy growth witnessed in the insurance sector in the recent years and the expansion of the market, the inroads that life insurance has made into the market remains lower in India than in many parts of the world. Developing human force is the need of the hour and also to think out of the box to design new policies which would be able to attract policyholder's. Innovation in every aspect is required to survive and to increase the penetration level of insurance and so campaigns should be launched to increase the awareness about the benefits and importance. The LIC should make enormous efforts to create insurance awareness among the people. Since obviously the insurance sector is still in a nascent stage of development, the study has noted that improving insurance awareness requires both structuring and enhancing the penetration of an appropriate awareness creation campaign with a regional and spatial focus. Such a campaign needs to be supported by a stronger information infrastructure for the efficient function in the life insurance market.

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