

Working Women Policyholders' Awareness on the Policies Offered and Facilities Provided by LIC

Dr. M. Akilanayagi

Assistant Professor, Department of Commerce, Nallamuthu Gounder Mahalingam College, Pollachi, Tamil Nadu (India)

ARTICLE DETAILS

Article History

Published Online: 10 December 2018

Keywords

Awareness, Life Insurance, Working Women

*Corresponding Author

Email: akilalingesh[at]gmail.com

ABSTRACT

India is ranked 10th among 156 countries in the life insurance business (IRDA Report, 2016) and the sector is expected to grow at a Compound Annual Growth Rate (CAGR) of 12 to 15 per cent and would penetrate by five per cent in the next five years (Sectoral Report, 2016). LIC, a state-owned life insurer, offers a variety of products to cater the emerging needs of the public and is in forefront by providing innovative services to facilitate its policyholders. Even in the competitive environment, the corporation was able to maintain 70.44 per cent of market share in first year premium and 76.84 per cent of market share in policies sold in 2015-2016 by adopting innovative strategies. (IRDA Journal, 2016). A study was carried out among 575 working women policyholders to analyze the awareness on the policies and facilities provided by the LIC. It reveals that working women policyholder are highly aware on whole life plan and payment at branch cash counter.

1. Introduction

Woman occupies a significant position in the development of a family, society and nation. As a nation develops, the mindset of the people also changes. Transformations in educational system, economic policies, political upliftments, cultural changes, technological enhancements, etc., have changed the role of women today and they have become not only a significant part of the family and society but also influence the course of social changes in the nation. Further, women in India live longer than men and it is necessary for them to save for their future. Life insurance is one of the significant protective tools to safeguard them as well as their family from financial hardship. It has a strong agent force which reaches out to every small town in India ensuring that their products are being offered to one and all in the country. The insurance products of LIC are often the most simple and consumer friendly and it is displayed by the enormous response it gets to the launch of any new product. LIC has an insurance product for almost any need - from protection, savings and investments, micro-insurance plans to special plans for women and even for handicapped individuals (Insurance Club.com)

2. Life insurance corporation in India

In India, the history of life insurance can be traced to 1818 when Anita Bhavsar started the Oriental Life Insurance Company in Kolkata. Later in 1870 the British Insurance Act was passed and the Bombay Mutual Life Assurance Society (1871) emerged. In the late 19th century, the Oriental (1874) and Empire of India (1897) insurance companies began their activities in the Bombay Residency. This period, however, was dominated by foreign insurance offices such as Albert Life Assurance, Royal Insurance, and Liverpool and London Globe Insurance. In 1956, there were 154 Indian insurers, 16 foreign insurers and 75 provident societies carrying on life insurance business in India. On January 19, 1956, Central Government took the control on all these life insurers and Life Insurance Corporation of India (LIC) was established by passing a special act in the parliament with the soul objective of providing life insurance benefits to all segments of people in the nation. By

passing Insurance Regulatory and Development Authority (IRDA) Bill in our parliament in 1999, the sector was opened to the private players and now there are 24 life insurance companies operating in India including LIC (IRDA Website).

3. Statement of the problem

Indian working women still lack in terms of knowing the availability of various financial products especially the risk products in life insurance. As a result working women in families have less life cover than their working male counterparts. But in recent years, they have slowly started investing in life insurance for their safety and future income (Vinoth, 2012) and thus, LIC have come up with innovative policies as well as exclusive policies for women. It also provides various customized services to facilitate its policyholders. But, the awareness and interest towards the products and facilities are found to be inadequate (Manish Srivastava and Megha Rastogi, 2010). This raises the following questions: To what extent the working women are aware about life insurance? What is their awareness on the policies offered and facilities provided by LIC?

4. Objectives of the study

The following are the objective of the study:

1. To assess the level of awareness of working women policyholder on the policies offered and facilities provided by LIC.

5. Methodology

A brief note on source of data, sampling and framework of analysis is given below.

1. Source of Data

The study is mainly based on primary data. Interview schedule was used to collect the opinion of the working women policyholders with regard to their awareness on the policies provided and facilities offered by LIC. Secondary data have been used to explain the theoretical aspects of the study. Annual reports of IRDA as well as LIC and articles from journals, bulletins and websites form the secondary source.

2. Sampling

Coimbatore is an important commercial district in Tamil Nadu. There are six taluks in the Coimbatore district namely Coimbatore (North), Coimbatore (South), Mettupalayam, Pollachi, Sulur and Valparai. LIC has twenty three branches in the district. Twenty five respondents from each branch have been selected to express their opinion on the products provided and the services offered by adopting convenient sampling technique. And thereby the sample size is five hundred and seventy five.

3. Frame Work of Analysis

Data collected from the respondents were edited and tabulated as per the requirements of the study. The collected data have been analyzed using Simple Percentage, Friedman Rank Test.

6. Significance of the study

The result of the study will certainly be useful to working women policyholders, Life Insurance Corporation of India, Agents, Insurance Regulatory and Development Authority and the Government.

7. Limitation of the study

The present study mainly relays on primary data. And hence, the data collected from the respondents may be biased in nature. The working women policyholders in Coimbatore District alone have been selected to express their opinion on the services of LIC. And therefore, caution must be taken while generalizing the results of the study.

8. Findings of the study

1. Awareness on Policies Offered by LIC

Life Insurance Corporation offers various policies to the women policyholders. The policies offered by the corporation are broadly classified into 12 categories as Whole Life Plan, Endowment Plan, Money Back Plan, Pension Plan, Term Plan, Women Plan, Children's Plan, Group Insurance Plan, Unit Linked Insurance Plan, Health Plan, Micro insurance plan, Single premium plan. The responses of the policyholder are categorized and the level of awareness on the various policies offered by the LIC is ascertained. Friedman rank test has been tested to find out the rank of awareness level of the women policyholders'.

Table 1
Level of Awareness on Various Policies Offered by LIC – Friedman Rank Test

Type of Plan	Level of Awareness			Total	Mean Value	Rank
	Highly Aware	Aware	Not Aware			
Whole life plan	213	161	201	575 (100.00%)	8.34	1
	(37.04%)	(28.00%)	(34.96%)			
Endowment plan	353	163	59	575 (100.00%)	6.48	8
	(61.39%)	(28.35%)	(10.26%)			
Money back plan	313	168	94	575 (100.00%)	7.08	2
	(54.43%)	(29.22%)	(16.35%)			
Pension plan	351	155	69	575 (100.00%)	6.64	7
	(61.04%)	(26.96%)	(12.00%)			
Term plan	346	141	88	575 (100.00%)	6.75	4
	(60.17%)	(24.52%)	(15.30%)			
Women plan	365	130	80	575 (100.00%)	6.67	6
	(63.48%)	(22.61%)	(13.91%)			
Children's policy	334	142	99	575 (100.00%)	7.07	3
	(58.09%)	(24.70%)	(17.22%)			
Group insurance plan	448	100	27	575 (100.00%)	5.60	10
	(77.91%)	(17.39%)	(4.70%)			
Unit linked insurance plan	470	79	26	575 (100.00%)	5.36	12
	(81.74%)	(13.74%)	(4.52%)			
Health plan	369	111	95	575 (100.00%)	6.72	5
	(64.17%)	(19.30%)	(16.52%)			
Micro insurance plan	463	80	32	575 (100.00%)	5.46	11
	(80.52%)	(13.91%)	(5.57%)			
Single premium plan	426	108	41	575 (100.00%)	5.82	9
	(74.09%)	(18.78%)	(7.13%)			

Sources: Primary Data

It revealed that the working women policyholder are highly aware on whole life plan followed by money back plan, children plan, term plan, health plan and women plan. Micro insurance plan and unit linked insurance plan has lowest awareness level.

2. Awareness on Facilities Offered by LIC

Life Insurance Corporation of India facilitates the policyholders by providing various innovative facilities like ASKLIC, Information KIOSKS, Info Center, Policy Service Centre, Interactive Voice Response System (IVRS), Short Message Services (SMS), Premium /Loan Calculator, Information over Internet, Satellite Branches, Payment at Branch Cash Counter- Cash, cheque, Demand Draft, Payment at Agent Premium Point, Payment through Agent-

Cash, Cheque, Demand Draft, Payment of Premium at any Branch, Standing Instruction to Bank, Electronic Clearing System, Payment through Credit Card, Payment through Debit Card, Net Banking, Mobile Banking, Payment through Bank ATM, Payment through Salary Saving Scheme, Payment through Provident Fund Linked Scheme, Payment of Premium in Listed Bank Cash Counter, Provision for Altering the Policy Document, Switch the Policy from One Branch to Another,

Rebate or Discount of Premium for Annual and Half Yearly Payment, Locking Period, Revival of Lapsed Policy are categorized and the level of awareness on the various facilities provided by the LIC is ascertained. Friedman rank test has been tested to find out the rank of awareness level of the women policyholders'. The result of the analysis is presented in the forth coming pages.

Table 2
Level of Awareness on Various Facilities Provided by LIC – Friedman Rank Test

Facilities	Level of Awareness			Total	Mean Value	Rank
	Highly Aware	Aware	Not Aware			
ASKLIC	336	145	94	575	14.25	32
	(58.43%)	(25.22%)	(16.35%)	(100.00%)		
Information KIOSKS	317	179	79	575	14.37	31
	(55.13%)	(31.13%)	(13.74%)	(100.00%)		
Info center	275	218	82	575	15.33	21
	(47.83%)	(37.91%)	(14.26%)	(100.00%)		
Policy Service Centre	259	207	109	575	16.23	14
	(45.04%)	(36.00%)	(18.96%)	(100.00%)		
Interactive Voice Response System	307	185	83	575	14.73	30
	(53.39%)	(32.17%)	(14.43%)	(100.00%)		
Short Message Services	206	225	144	575	17.95	8
	(35.83%)	(39.13%)	(25.04%)	(100.00%)		
Premium / Loan Calculator	236	220	119	575	16.82	12
	(41.04%)	(38.26%)	(20.70%)	(100.00%)		
Information over the internet	231	208	136	575	17.41	10
	(40.17%)	(36.17%)	(23.65%)	(100.00%)		
Satellite Branches	289	193	93	575	15.11	23
	(50.26%)	(33.57%)	(16.17%)	(100.00%)		
Payment at branch cash counter – Cash	111	188	276	575	21.75	1
	(19.30%)	(32.70%)	(48.00%)	(100.00%)		
Payment at branch cash counter – Cheque	293	218	64	575	14.94	28
	(50.96%)	(37.91%)	(11.13%)	(100.00%)		
Payment at branch cash counter – DD	279	210	86	575	15.43	18
	(48.52%)	(36.52%)	(14.96%)	(100.00%)		
Payment at agent premium point	176	206	193	575	19.25	3
	(30.61%)	(35.83%)	(33.57%)	(100.00%)		
Payment through Agent – Cash	136	194	245	575	20.75	2
	(23.65%)	(33.74%)	(42.61%)	(100.00%)		
Payment through Agent – Cheque	284	216	75	575	15.30	22
	(49.39%)	(37.57%)	(13.04%)	(100.00%)		
Payment through Agent – DD	279	212	84	575	15.65	17
	(48.52%)	(36.87%)	(14.61%)	(100.00%)		
Payment of premium at any branch	194	204	177	575	18.97	4
	(33.74%)	(35.48%)	(30.78%)	(100.00%)		
Standing Instructions to Bank	252	205	118	575	16.51	13
	(43.83%)	(35.65%)	(20.52%)	(100.00%)		
Electronic Clearing System	266	191	118	575	16.19	15
	(46.26%)	(33.22%)	(20.52%)	(100.00%)		
Payment through credit card	203	233	139	575	18.01	7
	(35.30%)	(40.52%)	(24.17%)	(100.00%)		
Payment through debit card	199	251	125	575	17.67	9

Facilities	Level of Awareness			Total	Mean Value	Rank
	Highly Aware	Aware	Not Aware			
	(34.61%)	(43.65%)	(21.74%)	(100.00%)		
Net Banking	186	238	151	575	18.42	5
	(32.35%)	(41.39%)	(26.26%)	(100.00%)		
Mobile Banking	196	240	139	575	18.06	6
	(34.09%)	(41.74%)	(24.17%)	(100.00%)		
Payment through Bank ATM	218	242	115	575	17.19	11
	(37.91%)	(42.09%)	(20.00%)	(100.00%)		
Payment through Salary Savings Scheme	246	235	94	575	16.09	16
	(42.78%)	(40.87%)	(16.35%)	(100.00%)		
Payment through Provident Fund Linked Scheme	290	219	66	575	14.79	29
	(50.43%)	(38.09%)	(11.48%)	(100.00%)		
Payment of Premium in listed Bank Cash Counter	291	204	80	575	14.97	27
	(50.61%)	(35.48%)	(13.91%)	(100.00%)		
Provision for altering the policy document	285	210	80	575	15.09	24
	(49.57%)	(36.52%)	(13.91%)	(100.00%)		
Switch the policy from one branch to another	285	198	92	575	15.36	20
	(49.57%)	(34.43%)	(16.00%)	(100.00%)		
Rebate or Discount of premium for annual and half-yearly payment	299	189	87	575	14.99	26
	(52.00%)	(32.87%)	(15.13%)	(100.00%)		
Locking period	291	202	82	575	15.01	25
	(50.61%)	(35.13%)	(14.26%)	(100.00%)		
Revival of Lapsed Policy	279	206	90	575	15.39	19
	(48.52%)	(35.83%)	(15.65%)	(100.00%)		

Sources: Primary Data

It revealed that women policyholders are highly aware on payment at branch cash counter followed by payment through agent-cash, payment at agent premium point, payment of premium at any branch, net banking. Information KIOSKS and ASKLIC has lower level of awareness.

9. Conclusion

In India, the oldest and leading Life Insurance Corporation in India are facing very stiff competition from the new players entering the market especially with private insurance companies. In addition, incase of the insurance sector the reference women group plays a vital role. So keeping this aspect in consideration, leading insurance players should focus

on new plans and facilities. Life Insurance Corporation of India competes other players in the market very aggressively, but the low score in the reliability dimension is a contra indicator.

Acknowledgement

It is my great pleasure and moments of immense satisfaction for me to express my profound gratitude to express my guide Dr. R. Gopi, Assistant Professor, Department of Commerce, Government Arts College, Udumalpet, for taking on multiple roles that provided guidance and direction and whose sincerity and encouragement enabled to work enthusiastically. His patients and excellent expertise in discussion have benefited me, which is beyond the expression.

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