

Policyholders Behavior towards Administrative Services of LIC of India with reference to Madurai Division

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The paper analyses the market share of insurance companies in the public and private sectors. Life Insurance Corporation (LIC) as the public sector lead insurer of long standing occupies major market share, though the proportion has been declining with the entry of private insurers in the recent years. It is proved beyond that the performance of LIC mainly leans on better service rendered to the policy holders rather than the large number of branches and a wide variety of products. The importance and the role played by services has been empirically examined in the case of LIC, Madurai district of Tamilnadu.

A sample of 201 policy holders of LIC, Madurai division was taken for interviewing them on their preference towards various administrative services of LIC. The tools of analysis used are Mann Whitney test, Kruskal Wallis test, Friedman test and factor analysis. The analysis reveals the strengths and weaknesses in rendering services. Innovative approaches must be adopted by LIC to retain the existing policy holders and to attract new members. It is observed that greater satisfaction of policy holders can be achieved by offering quality and innovative services but not merely by increasing and widening the variety of products to sustain the growth of the insurance sector.

Introduction

The introduction of globalization has brought forth sea level changes not only in the manufacturing sector but also in the services across the global play field, in order to enhance the quality of standard of living. The LPG has warranted the banking and insurance sectors to serve better to the needs of customers/policy holders through the recommendations of Narashiman and Malhotra committees. LIC of India is driven by the IRDA and the new entrants in the insurance sector to offer better quality services in order to retain the existing policy holders as well as to enhance the volume of New business through the sale of new policies with better administrative service.

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Problem of the study

The products of all insurance companies in india are resembling the unique features, which never facilitate them to aspire for better identity though market share in the industry over the other players. It is clearly evidenced from Table.1 that the market share of private players in the insurance industry has grown from the year 2006-07 to 2010-11, which has contradictorily downsized the market share of the public sector undertaking except in the year 2011-12. Though the market share of private players, LIC is not able is found increasing in all years except 2011-12, still LIC is the fore runner in the industry. The LIC is the only company which has greater series of products in the industry rather than the private players, not able to maintain / enhance the market share over the latter. **The fall / rise in the market share of players in the insurance industry is not because of the products but due to quality of services rendered by them.**

Table-1. MARKET SHARE OF LIFE INSURERS (TOTAL PREMIUM)

Insurer	(Percent)					
	2006-07	2007-08	2008-09	2009-2010	2010-11	2011-12
LIC	81.90	74.39	70.92	70.10	54.29	63.47
Private Insurers	18.10	25.61	29.08	29.90	45.71	36.53
Total	100.00	100.00	100.00	100.00	100	100

Source: IRDA Annual Reports 2010-11, 2009-10, 2008-09, 2007-08

Source: <http://freepress.in/insurance/market-share-of-all-life-insurance-companies-india/>

From Table-2, it is clearly understood that the industry irrespective of sectors reckoned an increase in the establishment of branches till 2009. During the years 2010 and 2011, the Public sector Life insurer added 120 and 121 branches respectively to its existing profile, but contradictorily Private sector insurers reduced their branch operations by 17 and 593.

Table-2. NUMBER OF LIFE BRANCH OFFICES

Insurer	2007	2008	2009	2010	2011
Private Total	3072	6391	8785	8768	8175
LIC (Public Sector)	2301	2522	3030	3250	3371
Industry Total	5773	8913	11815	12018	11546

Source: IRDA Annual Report 2010-11.

Though LIC is the forerunner in the industry in terms of both Renewal and Single premium, complaints registered by the policyholders against its practices were found to be less than Private players in the industry. From Table-3, it is clearly evident that the number of Grievances reported to and resolved by Private sector players were more numbers than those against LIC.

Table-3. STATUS OF GRIEVANCES: LIFE INSURERS

Insurer	2008-09		2009-10		2010-11		2011-12	
	Re-reported	Re-reported	Re-reported	Re-reported	Re-reported	Re-reported	Re-reported	Re-reported
LIC	481	980	606	642	2588	2672	52300	52135
Private	1313	1373	1843	1870	7068	7125	257313	256196
Total	1794	2353	2449	2512	9656	9797	309613	308331

Source: IRDA Annual Reports 2010-11 2009-10, 2008-09, 2007-08

Table-4 divulges that IRDA reported outstanding complaints of LIC were more during the years of 2007 and 2008, but complaints on Private players were found to be surmounted between 2009 and 2012. According to IRDA Annual Report 2011-12, the Public Sector Insurance Corporation has resolved 99.68 percent of received complaints. It highlights the efficient role of LIC in redressing complaints rather than Private sector insurance companies.

Table-4 STATUS OF OUTSTANDING COMPLAINTS:LIFE INSURERS

Insurer	Outstanding Complaints as on 31 st March					
	2007	2008	2009	2010	2011	2012
LIC	197	685	186	150	66	165
Private	102	332	272	245	188	1117
Total	299	1017	458	395	254	1282

During the year 2007-08 number of complaints received by LIC amounted to 685, which were greater than the total complaints of all private sector companies in the insurance industry. The complaints resolved were more in the case of private sector companies than that of LIC, which highlights the quality of services rendered by the former. During the year 2007-08, Though LIC is a pioneer in the industry, it had resolved only 12 percent of the complaints out of the grievances reported during the year 2007-08, but the private insurers have recorded 87.82 percent in resolving the complaints received. LIC and

private players resolved 81% and 88.4% of the total complaints registered with IRDA. During the later years viz 2010 and 2011, the outstanding complaints were registered less numbers than that of private players. The records of IRDA explore that quick responses of private insurers in resolving the grievances than that of public sector undertaking in the insurance industry took place between the years 2006 and 2008, but the advent of new practices facilitated LIC to excel better than later in redressing the complaints. IRDA enlisted four major grievances out of total complaints which were received by the industry during the year 2007-08 and 2010-11, which are the following

Table-5 Percentage Wise Dominance of Complaints

		(percent)		
Sl.No	Nature of Complaint	2007-08	2009-10	2010-11
1	Non receipt of policy bond	18	8.9	.59
2	Adjustment of premium	18	5.3	1.72
3	Wrong plan and Term allotted	11	16.1	N.A
4	Non payment of claims	8	5.2	21.71

Source: IRDA Annual Report 2007-08, 2009-10 and 2010-11

It is clearly understood from Table -5 that during the years 2007-08 and 2009-10, "the wrong plan and term allotted" has been registered as one of the vital complaints by IRDA from the policyholders, which accounted for 16.1 and 11 percent respectively. This vitalizes poor quality of services rendered by both private and LIC in the insurance industry against the interest of policyholders as well as their selection of policies.

It is imperative to understand that the maintenance and increase in the market share is only subject to the quality of service, which is rendered by the insurance companies, but not by the products. The insurance business has been mainly evolved on two major principles viz Death and Survival benefits. The product line of every insurance company in the insurance industry is subject to homogeneity and they are in the blend of early two; the combination depends upon the wishes of both viz prospects and appointed actuary. Table -2 and Table -4 divulge that both number of branches and complaints were found to be hand in hand with each other till 2008, thereafter increasing number of branches was not inline with increasing number of complaints. It is obviously understood from both Tables 2 and 4, the decrease in the number of Private sector branches in Life insurance industry during the years 2010 and 2011, has not resulted in any decrease in the number of complaints, rather the number of complaints during those years were found to be higher than Public sector undertaking. The Performance of Life insurance industry mainly leans on the better service rendered to policyholders but not because

of more number of branches and larger number of products. To study the importance of services of life insurer, the researcher attempted to examine in this research on the service practices of LIC.

Having identified the need of administrative service to the tune of policyholder's expectations, the study has been undertaken by the researcher.

Review of Literature:

Steward Doss G (1995)⁴ has identified in his research that the office of LIC consumes more time to issue policy documents and to incorporate the desired address changes in the policy document. He finally concluded that the service towards nomination and assignment is not satisfactory to the policyholders.

Sri Priya(2001) studied the awareness of life insurance in Madurai city. In her research, she identified that most of the policyholder respondents have bought the insurance policies only through the agents' forces of LIC. In addition, she stated that the good quality of services is rendered by both the LIC and Agents to the tune of policyholders.

Pavleen Kaur(2002) enlisted the strengths of public sector insurance companies viz strong and efficient sales, credibility and brand identity over the new entrants in the industry. In his research article, the following weaknesses of the public sector insurance companies were elucidated viz poor customer service lack of flexibility of operations and inefficiency.

K.Govindan (2007) has illustrated that many policyholders are having an impression that the insurer will not render the desired service unless they are compelled.

Srinivasa varadharajan and Susarala(2009) highlighted the importance of the policy holders treatment through Treatment of Customers Fairly. The treatment of customers has been highlighted through 4'Cs viz Confidence, Communication, Clarity and Comfort, which could be attained through the establishment of CCOs in order to meet out the wishes of the prospects to policyholders, from the date of acquisition of policies to meeting the claims proposal.

Jagendra Kumar (Jan-Jun 2008-09) insisted the importance of service for the insurance companies in his paper "**Product does not matter, service does**". He has highlighted the importance of service through proactive improvements in satisfying the policyholders 'with innovative products.

Pawan Varma (2011) insisted the need for novel methods, which should be brought forth by the Insurance companies to reach customer delight during the currency of insurance contract. He highlighted that the customers using the following viz ECS/NEFT/RTGS /Credit card/Debit card for payment of

renewal premium, should be encouraged by the Insurance Companies by rewarding them. Having examined the processes involved in the currency of insurance contract, He highlights that today is an order of the day for insurance companies to maintain the quality of customer processes, if not the persistency and sustainability of its business will be questioned

Rajesh Sud(2011) illustrated the importance of service in his paper titled on “The Three fold Effect- Life Insurance Lapsation”. He emphasized that right product should be sold to the customer or prospective which would bring down the lapsation rate of the policies . He highlighted various reasons for lapsation of policies, among which the following are

- a) Misselling of policies by the Agent which would not be in a position to meet the return expectations of Policyholders.
- b) Inflation is yet another reason which traps the policyholders to face financial crunch, leads to lapsation of insurance policy.
- c) He emphasized the following ways and means to overcome as well as to reduce lapsation by introducing need based selling and educating the customers/policyholders
- d) He finally augmented that Life insurance companies should bringforth “Direct Service Model” to address the needs of Policyholders on time to reach customer ecstasy

C L Baradwaj(2012) emphasized the need for personal touch in servicing insurance contracts in the following manner

- a) Customer experience at Selling point, which plays very important role in minimizing the freelook cancellations , could be effectively reduced by the professional salesman .
- b) The reach of policy pack and welcome kit should be ensured . The follow up should be appropriately made in order to reduce the hiccups involved in the process of logistics

Objectives of the study:

1. To study the preference of the policy holders towards administrative services of LIC
2. To identify the age, gender, qualification, occupation ,income differences of the policy holders towards the administrative services of LIC.
3. To suggest the ways and means to LIC to serve better in order to attain the objectives of Policyholders Relationship Management (PRM)

Research Methodology:

Primary Data

To study the Administrative service practices of LIC to policy holders, WEST analysis (weaknesses and strengths) has been applied . To study them, **201 policy holders** were interviewed and the data have been collected . The collected data were processed and analysed through statistical package SPSS 11.5 , in order to draw inferences to penetrate the down fall in the market share in the market through promotion of better service to the policy holders.

Due to lack of standard attributes towards policyholders' delight with reference to administrative service of LIC, an exclusive list of preferences was enlisted in order to enhance the quality level of administrative service of LIC.

Secondary Data

For studying the behaviour of LIC policy holders towards administrative service, the data had been collected from various websites and various journals viz the journal of insurance times, the Insurance Chronicle, the journal of IRDA and so on.

Tools of Analysis

The collected data were analysed through SPSS 11.5 with the help of following tools of analysis viz Mann Whiteny test, Kruskal Wallis test Fried man test and Factor analysis.

Survey Findings

Classification of policyholders:

The policyholders of LIC are classified on the basis of Gender, Age, Qualification, Occupation, salary and percentage of premium out of salary in order to examine their behavior towards administrative services of LIC towards the weaknesses and strengths of administrative services .

Gender wise classification :

The gender wise classification of policyholders is given in the Table-6, which divulges that 107 (53.2 percent) belong to male group ,registered higher percentage over the female policyholders.

Table-6 Gender wise classification of policyholders

Gender groups	Frequency	Percentage
Male	107	53.2
Female	94	46.8
Total	201	100

Source: Primary Data

Age wise classification:

Table-7 highlights the age wise classification of policyholders. It is clearly understood from the table that 121 policyholders of the total sample fall under the age category of 21-40 yrs; construed 60.2 percent. The policyholders of 41-60 yrs reckoned 34.3 percentage as next major group out of 201 policyholders.

Table-7 Age-wise classification of policyholders

Age groups	Frequency	Percentage
Less than 20	5	2.5
21-40	121	60.2
41-60	69	34.3
Above 60	6	30
Total	201	100

Source: Primary Data

Qualification wise classification:

Table-8 clearly indicates that the major segment of policyholders belong to post graduation qualification amounted 61.7 percent . The next higher strength of policyholders belong to the group of under graduation reckoned 27.9 percent .

Table-8 Qualification wise classification of policyholders

Qualification groups	Frequency	Percentage
Less than HSC	4	2.0
Under graduation	56	27.9
Post graduation	124	61.7
Others	17	8.5
Total	201	100

Source: Primary Data

Occupation wise classification of policyholders:

The next important classification is occupation group of policyholders, among which the salaried is one of the groups which has more strength of policyholders 63.7 percent rather than other groups. Table-7 reveals that business group of policyholders who only formed second major strength over the other independent groups.

Table-9. Occupation wise classification of policyholders

Occupation groups	Frequency	Percentage
Engineer	6	3.0
Medical practioner	10	5.0
Chartered accountant	7	3.5
Chartered secretary	3	1.5
Lawyer	3	1.5
Business	32	15.9
Industrialist	3	1.5
Salaried	128	63.7
Retired	9	4.5
Total	201	100

Salary wise classification of policyholders:

Table-10 divulges that there are three salary groups viz Less than Rs.1lakh, Rs.1 lakh-Rs .2lakh and Rs.2 lakh-Rs.3 lakh registered major strength of policyholders 28.4 percent, 28.4 percent and 29.4 percent respectively. From the same table, it is clearly identified that 3 percent of policyholders fall under the salary category of Above Rs.6 lakh.

Table-10 Salary wise classification of policyholders

Salary groups	Frequency	Percentage
Less than Rs.1 lakh	57	28.4
Rs.1 lakh-Rs2.lakh	57	28.4
Rs.2lakh-Rs.3 lakh	59	29.4
Rs.3 lakh-Rs.4 lakh	14	7.0
Rs 4.lakh- Rs.5 lakh	8	4.0
Above Rs.5 lakh	6	3.0
Total	201	100

Premium out of Salary wise classification:**Table-11 Salary wise classification of policyholders**

Premium out of Salary groups	Frequency	Percentage
Less than 20%	144	71.6
21-40%	44	21.9
41-60%	13	6.5
Total	201	100

Table-11 indicates that 71.6 percent of policyholders are vested with less than 20% premium out of their salary, reckoned higher number of policyholders over the other groups. It is obviously understood that 13 policyholders out of 201 only represented between 41-60 percent of premium out of their salary, earmarked as a group which has least strength towards the payment of premium on insurance policies.

Policyholders' preferences towards administrative services of LIC:

The following are various type of administrative services rendered to the policyholders from one occasion to another. The enlisted attributes were ranked by 201 policyholder respondents, which were examined through Friedman statistics in order to enlist their preferences towards delight in availing the administrative service of LIC.

- a) Effective Grievance redressal system
- b) Issue of policy documents
- c) Issue of premium and receipt notice
- d) Service towards Nomination and assignment
- e) Lesser time for transfer of policies
- f) Payment of survival benefits
- g) Fixed working hours of the office
- h) Settlement of claims at the moment of surrenders
- i) Timely loan service to the requirements
- j) Immediate effect in the change of Address
- k) On line remittance of premiums
- l) Highlighting the features of forthcoming products

Null Hypothesis (H₀): Similar ranks are given by the respondents on the administrative services of LIC.

Alternate Hypothesis(H_a): Similar ranks are not given by the respondents on the administrative services of LIC.

The null hypothesis was rejected due to .000 significance less than .05, means that the equal ranks were not assigned by the policyholders.

Table-12 Rank of the preferences towards their delight in availing the administrative service

Administrative service attribute towards policyholders delight	Fried man score	Rank
Issue of policy documents	3.97	1
Issue of premium and receipt notice	4.39	2
Immediate effect of change of address	5.77	3
Timely loan service to requirement	6.02	4
Settlement of claims at the moment of surrenders	6.26	5
Lesser time for transfer of policies	6.35	6
Payment of survival benefits	6.48	7
Effective grievance redressal system	6.65	8
Fixed working hours of office	6.72	9
Service towards nomination and assignment	7.55	10
On line remittance of premiums	8.66	11
Highlighting the features of forthcoming products	9.18	12

Table-12 highlights that issue of policy documents, issue of premium and receipt notice and immediate effect of change of address are the important sources of policyholders delight towards the administrative service of LIC; which are the most preferred services rendered by LIC on time as well as to the tune of policyholders' needs. It is clear that fixed working hours of office are not adequate to meet the requirements of policyholders. The features of forthcoming policies are not regularly highlighted by the administrative staff during the office working hours, which could be collected from only the agents in the distribution system.

Policyholders' behavior towards the Administrative service practices of LIC:

It is imperative to identify the strengths and weaknesses of LIC towards the administrative service by studying the demographic factor influence of the policyholders . The very first variable on administrative service under the interval scaling is that fixed office working hours are enough for administering the policies . From Table -13 it is clearly understood that null hypothesis on fixed working hours has been rejected by the policyholders who belong

to various age, qualification, occupation, salary and percent of premium out of salary groups of policyholders due to significant difference among them towards administrative service of LIC.

Null Hypothesis(H₀): There is no significant difference on the administrative services of LIC among the various demographic groups of policyholders.

Alternate Hypothesis(H_a): There is significant difference on the administrative services of LIC among the various demographic groups of policyholders

Table-13 Policyholders' behavior towards Administrative service of LIC

Demographics	Asymptotic significance					
	Gender	Age	Qualifica- tion	Occupation	Salary	Percent of Premium
Fixed working hours	.000*	.074	.001*	.005*	.001*	.010*
Grievances are effectively handled	.011*	.000*	.100	.053	.006*	.002*
Customer relationship management is effective	.052	.000*	.564	.103	.000*	.137
Remainder notices are regularly serviced by the office	.007*	.280	.564	.078	.000*	.004*
Policy revival measures are more effective	.916	.000*	.314	.681	.112	.034
Claim settlement procedures are easier	.196	.000*	.320	.174	.000*	.001*
Claims are settled on time	.098	.000*	.069	.855	.000*	.99
Loans are disposed at speedier in process to the tune of requirements	.166	.000*	.558	.241	.002*	.024*
Time taken by the administrative staff	.099	.454	.496	.098	.116	.001*
Nomination and assignment procedures are easily understandable	.148	.035*	.306	.373	.003*	.175

*5% Significant levels –Source: Primary Data

From Table – 12 it is identified that the male and female policyholders have significant difference on the following variables '**fixed office working hours are enough in administering policies, grievances are effectively handled**

and redressed with appropriate actions and remainder notices are regularly serviced by the office'. It has been clearly known from the cross tabulation that only 31 male policyholders have disagreed over 7 female policyholders towards the 'fixed working hours are enough in administering the policies'; which highlights that fixed working hours are not enough for the male policyholders to administer the policies.

The anova has been applied in order to study the differences on the administrative services of LIC among the various age ,qualification, occupation, salary, percent of premium out of salary groups of policyholders

Table -.13 highlights that null hypotheses on the following variables viz **'fixed working hours are enough in administering policies , reminder notices are regularly serviced by the office, time taken by the administrative staff in meeting out the queries are rational'** have been accepted among the various age groups of policyholders From cross tabulation, it is clearly understood that the policyholders between age groups 21-40 yrs and 41-60 yrs have lesser variations in strength ; which posed insignificant difference on the 'fixed working hours are enough in administering policies' .

Subsequently , the next null hypothesis accepted on the administrative service was regular remainder intimation by the office among the different age groups of policyholders. It is due to lesser variations among the age groups 21-40 yrs and 41-60 yrs It is further known from the Table - .12 that there is insignificant difference on **'time taken by the administrative staff in meeting the queries are rational'** among the various age groups of policyholders . It is due to negligible differences under No opinion and Strongly agree categories of responses between the age groups of 21-40 yrs and 41-60 yrs policyholders

The difference on the administrative service of LIC has been studied among the various qualification groups of policyholders through application of analysis of variance .

Table -.13 highlights that the null hypothesis on **'fixed office working hours are enough in administering policies'** among the various qualification groups of policyholders has been rejected due to lesser calculated value than the table value. It is due to greater variation between UG and PG qualification groups of policyholders in percentage towards 'fixed office working hours are enough in administering the policies'. The next important demographic factor in series was that occupation of policyholders towards the administrative service of LIC. Table-13 illustrates that the null hypothesis among the various occupation groups of policyholders on **'fixed office working hours are enough in administering policies'** has been rejected due to lesser calculated value than that of table value. It is obvious from the cross tabulation Table -.13 that 32 policyholders from the group of salaried have registered

dominant force towards disagreement on 'fixed working hours in administering policies' over the other occupation segments.

TABLE -.14 OCCUPATION -POLICYHOLDERS Vs FIXED WORKING HOURS

Occupation		Count	fixed working hours are enough in administering the policies					Total
			SDA	DA	NO	A	SA	
Engineer	Count	2		1	3		6	
	% within Occupation		33.3%	16.7%	50.0%		100.0%	
Medical practitioner	Count	1		1	4	4	10	
	% within Occupation		10.0%	10.0%	40.0%	40.0%	100.0%	
Chartered accountant	Count	1	1	3	2		7	
	% within Occupation	14.3%	14.3%	42.9%	28.6%		100.0%	
Chartered secretary	Count			2	1		3	
	% within Occupation			66.7%	33.3%		100.0%	
Lawyer	Count	1			1	1	3	
	% within Occupation	33.3%			33.3%	33.3%	100.0%	
Business	Count	2		16	13	1	32	
	% within Occupation	6.3%		50.0%	40.6%	3.1%	100.0%	
Industrialist	Count				1	2	3	
	% within Occupation				33.3%	66.7%	100.0%	
Salaried	Count	7	32	36	45	8	128	
	% within Occupation	5.5%	25.0%	28.1%	35.2%	6.3%	100.0%	
Retired	Count	3	2	2	2		9	
	% within Occupation	33.3%	22.2%	22.2%	22.2%		100.0%	
Total	Count	14	38	61	72	16	201	
	% within Occupation	7.0%	18.9%	30.3%	35.8%	8.0%	100.0%	

Source : Primary Data

Table -14 reveals that the occupation groups of policyholders have no significant difference on 'policy revival measures and time taken by the administrative office' towards the administrative service of LIC. It is further understood through cross tabulation Table -.14 that 54.4 percent of Rs 1 lakh, 61.4 percent of Rs 1 lakh and Rs. 2 lakh ,50.8 percent of Rs.2 lakh and Rs.3 lakh , 64.3 percent of Rs. 3 lakh and Rs. 4 lakh ,62.5 percent of Rs.4 lakh and Rs. 5 lakh and 66.7 percent of above Rs. 5 lakh salary groups of policyholders have agreed that the service of LIC on effective policy revival measures.

TABLE -.15 SALARY -POLICYHOLDERS Vs POLICY REVIVAL MEASURES

Salary		Count	policy revival measures are most effective					Total
			SDA	DA	NO	A	SA	
Rs 1 Lakh	Count	6		20	31		57	
	% within Salary		10.5%	35.1%	54.4%		100.0%	
Rs.1 Lakh-Rs 2 Lakh	Count	2	5	12	35	3	57	
	% within Salary	3.5%	8.8%	21.1%	61.4%	5.3%	100.0%	
Rs.2 Lakh-Rs 3 Lakh	Count		3	24	30	2	59	
	% within Salary		5.1%	40.7%	50.8%	3.4%	100.0%	
Rs.3 Lakh-Rs 4 Lakh	Count			2	9	3	14	
	% within Salary			14.3%	64.3%	21.4%	100.0%	
Rs 4 Lakh- Rs.5 Lakh	Count			3	5		8	
	% within Salary			37.5%	62.5%		100.0%	
Rs 5 Lakh -	Count	2			4		6	
	% within Salary			33.3%	66.7%		100.0%	
Total	Count	2	16	61	114	8	201	
	% within Salary	1.0%	8.0%	30.3%	56.7%	4.0%	100.0%	

Source : Primary Data

From Tables.16 &17 it is discovered that the null hypotheses(H0) on 'effective customer relationship management and nomination & assignment procedures are easily understandable' and have been accepted among the policyholders under various premium out of salary groups . From Table -.15 It is clearly explained that 24 (16.7%) of less than 20 percent , 14(31.8%) of 21 – 40 percent and 3(23.1%) of 41-60 percent of premium out of salary groups of policyholders have not opined on the effective customer relationship, which was cited as one of the reasons towards the acceptance of null hypothesis (H0).m

Table -16. Premium Out of Salary Groups -Policyholders Vs Effective CRM

			customer relationship management is effective since the inception of contract				Total
			DA	NO	A	SA	
Premium out of salary	120%	Count	16	24	96	8	144
		% within Premium out of salary	11.1%	16.7%	66.7%	5.6%	100.0%
	21-40	Count	3	14	27		44
		% within Premium out of salary	6.8%	31.8%	61.4%		100.0%
	41%-60%	Count		3	7	3	13
		% within Premium out of salary		23.1%	53.8%	23.1%	100.0%
Total		Count	19	41	130	11	201
		% within Premium out of salary	9.5%	20.4%	64.7%	5.5%	100.0%

Source : Primary Data

In addition, it is evidenced from the Table -.15 that the policyholders of less than 20 percent , 21- 40 percent and 41-60 percent of premium out of salary have agreed that the **customer relationship is effective since the inception of contract.**

TABLE -17. PREMIUM OUT OF SALARY GROUPS -POLICYHOLDERS - NOMINATION AND ASSIGNMENT

			Nomination , assignment procedures are easily understandable					Total
			SDA	DA	NO	A	SA	
Premium out of salary	120%	Count	7	15	17	96	9	144
		% within Premium out of salary	4.9%	10.4%	11.8%	66.7%	6.3%	100.0%
	21-40	Count		8	17	17	2	44
		% within Premium out of salary		18.2%	38.6%	38.6%	4.5%	100.0%
	41%-60%	Count		4		6	3	13
		% within Premium out of salary		30.8%		46.2%	23.1%	100.0%
Total		Count	7	27	34	119	14	201
		% within Premium out of salary	3.5%	13.4%	16.9%	59.2%	7.0%	100.0%

Source : Primary Data

It is found from Table -.15 that 96 out of 144 policyholders under the group of less than 20 percent of premium out of salary have agreed that the '**nomination and assignment procedures are easily understandable**'. It is further known from the cross tabulation that 38.6% of the policyholders of 21-40 percent of premium out of salary have accepted that 'the procedures involved in the nomination and assignment are easily understandable'.

Factor analysis on the behavior of policyholders towards administrative services of LIC:

To identify the relevant factors from the 10 variables, the factor analysis has been applied in order to group the variables and earmark the most relevant factor under each category towards the Strengths and Weaknesses of LIC on administrative practices. The following hypotheses were set in order to identify the validity of factor analysis.

Null Hypothesis(H₀): The factor analysis is not valid

Alternate Hypothesis(H_a): The factor analysis is valid

TABLE-.18 KMO TEST ON POLICYHOLDERS' BEHAVIOUR – ADMINSTRATIVE PRACTICES

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.684
Bartlett's Test of Sphericity	Approx. Chi-Square	682.956
	df	45
	Sig.	.000

Table-.18 reveals that the factor analysis is valid among the variables due to lesser calculated value (.000) than the assumed value (.05). Hence the alternate hypothesis is accepted and the factor analysis is valid.

The KMO co-efficient (.684) is greater than .5, and implies that the factor analysis for data reduction is effective

The next important stage in the process of factor analysis is rotated component matrix in order to identify the constituents of each factor. According to the factor analysis, the following factors have been identified viz Claims and loans administration, Policyholders relationship management and Maintenance of insurance contract.

TABLE-.19 FACTOR ANALYSIS ON THE POLICYHOLDERS OPINION

Factor	Constituent	Factor loading
Claims and Loans Administration	Claim settlement procedures are easier	.904
Policyholders relationship management	Grievances are effectively handled and redressed with appropriate action	.828
Maintenance of Insurance contract	Remainder notices are regularly serviced by the office	.734

Table-.19 indicates that the following variables viz **claim settlement procedures are easier, grievances are effectively handled & redressed with appropriate action and remainder notices are regularly serviced by the office.** were identified as top rated variables over the other variables towards the services of LIC.

Summary of findings: It has been found that 107 policyholders represented from male group, registered dominance of 53.2 percent over the female policyholders towards insurance contract with LIC of India Madurai Division. Issue of policy documents, Issue of premium & receipt notice and Immediate effect of change of address of the policyholders were rated Rank 1 ,Rank 2 and Rank 3 by the policyholders as most delightful services and also major strengths of LIC of India Madurai Division.

Service towards nomination & assignment of the policies, online remittance of premiums and highlighting the features of forthcoming products were considered by the policyholders as least preferred services and weaknesses of LIC of India in meeting the requirements of policyholders.

From the analysis , it has been found that fixed working hours of office is not adequate for the male policyholders rather than female policyholders. In addition, the salaried group of policyholders have disagreed fixed hours of working in administering the policies rather than other occupation group of policyholders. It has been clearly understood from the real practice that the majority of policyholders are finding very much difficult to maintain the currency of policies through the payment of renewal premiums . It is one of the major weaknesses of LIC in rendering the administrative service to policyholders.

It is clearly evidenced from the analysis that 114 policyholders under various occupation groups have agreed that the policy revival measures of LIC are very much effective and facilitating the policyholders to revive the policies against lapsation. After the bitter experience from, Andhra Pradesh A.P), all LIC branches across the country normally come forward not only

to attract the existing policyholders to revive their policies but also to bring down the lapsation ratio while in the maintenance of policies, through “Week for Revival of Policies”

The remainder notices are regularly serviced by the office in order to remind the policyholders to maintain the currency of policies through the payment of renewal premiums.

The nomination and assignment procedures whatever are adopted by LIC of India are understandable, which is considered as one of the strengths of LIC, irrespective of various independent demographic groups policyholders.

Due to no significant difference on “Time taken by the administrative staff in meeting the queries of policyholders” between the various demographic groups of policyholders viz sex, age, qualification, occupation, salary illustrate that majority of their queries are effectively handled by the administrative staff members, known as one of the major strengths of LIC.

It has been identified that there is significant difference on “customer relationship management” among the age and salary groups of policyholders. Due to no significant difference from other groups, it has been considered as one of the major strengths of LIC in maintaining the policyholders relationship during the currency of policies.

“Loans are disposed at speedier rate to the policyholders” were agreed by majority of the policyholders, construed as one of the major strengths of LIC.

It is understood from the factor analysis that “claims and settlement procedures are easier” as a variable registered highest loading factor over the other variables under the Claim and Loan administration of LIC, has been accorded as one of the major strengths of LIC.

Under the policyholders relationship management, LIC is effective in handling and redressing the grievances of policyholders, has secured the highest loading factor of .828, led as one of the major strengths of LIC. Though E-tracking facility is available for the policyholders to redress their grievances with LIC, majority of policyholders are finding very much difficult to redress the grievances beyond the levels of branch operations.

Online remittance of premiums and highlighting the features of forthcoming insurance policies have been found as weaknesses as well as which are need of the hour, areas of immediate action of the LIC in order to facilitate the policyholders to pay premiums on line as well as facilitating them to know the features of policies toward purchase decision on future policies.

Coming together is a beginning ; Keeping together is progress;Working together is success – **Henry Ford**

Quality in the service of a product is not what you put into it .It is what the client or customer gets out of it- **Peter Drucker**

Good leaders must first become very good servants- **Robert Greenleaf**

Customer service is awareness of needs , problems, fears and aspirations-
Unknown

Conclusion:

Being as a leader in the life insurance industry, it is the need of the hour to identify needs, problems, fears and aspirations of the policyholders in order to sustain as a topper in the industry to overcome the threats of players. During the tech era, it is imperative for LIC of India to develop user friendly applications in rendering the administrative services on time to the tune of policyholders. These services could be better taken to the door steps of policyholders in vernacular languages, by facilitating the common policyholders to avail services in a better manner. To succeed in the life insurance industry, LIC should attract both the existing and new policyholders by not introducing products because they cannot be different , but by extending innovative services to the policyholders only will take LIC to new heights in the industry. To overcome the bottleneck associated with limited working hours of office, LIC could devise collection agency system , evening collection centres in any one of the braches in order to facilitate the policyholders to maintain the currency of policies .To make differentiation in the services of LIC, it should minimize the weaknesses to the greater extent possible and enhance the strengths towards administrative services . Policyholders' ecstasy could be achieved only by offering quality services but not by the products to sustain its growth in the industry.

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