

A STUDY ON PERCEPTION TOWARDS L.I.C AMONG THE COMMON PUBLIC IN HAJIPUR, BIHAR

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INTRODUCTION

The Life Insurance Corporation of India, the premier life insurer and one of the most stable financial institutions in the country, during the forty-six years of its existence has been through several trials and tribulations, but has managed to grow and metamorphose into the giant it is today. It has done especially well in the decade and half starting from 1985 and its performance in the new millennium, which is also the beginning of the liberalized era in the Indian insurance sector, has been the best during its lifetime.

The Game is old but the rules are new and still developing. Ensconced in a monopoly run from the nationalization days beginning in 1956, the insurance industry has indeed awaked to a deregulated environment in which several private players have partnered with multinational insurance giants[1-3].

However, despite its teeming one billion populations, India still has a Low Insurance penetration of 1.95%, 51st in the world. This is in spite of the fact that India boasts a saving rate of around 25 per cent, although less Indian Industry's (CII) Expert Group on Insurance has put the aggregate insurance market at a conservative figure of Rs.1,88,700crores by 2009-2010.

While life premiums are set to touch Rs.1,45,000 crores by that year from Rs.21,500crores in 1998-1999, non life premiums are set to touch Rs.38,600crores from Rs.8,400crores. Personal line premium are expected to rise to Rs.5,100 crores from Rs.400crores.

With the advent of competition, the rules of the game are set to change. The market is already beginning to witness a wide array of products from players whose number is set to grow. In such a scenario this study is undertaken to know the level and pattern domestic savings and the perception towards the Insurance Products[4-7].

1.2 OBJECTIVES OF THE STUDY

- ✓ To study the domestic savings habits
- ✓ To study the perception of people towards various insurance products
- ✓ To suggest means to enhance penetration of insurance in India.

1.3 SCOPE OF THE STUDY

The research study reflects about the perception of common people towards Life Insurance out of the research study, the researcher found the factors that influence customer to go for Life Insurance[8-11].

1.4 LIMITATIONS OF THE STUDY

In doing this project the research had the following difficulties.

- The scope of the study is confined to the geographical area of HAJIPUR division only and because of the same reason the sample size was only fixed small.
- Insufficient knowledge of the holders. As most of the policyholders do not have any knowledge regarding schemes.
- Some respondents were reluctant to disclose personal information which can affect the validity of all responses[12-15].

1.5 RESEARCH METHODOLOGY

➤ RESEARCH DESIGN

The research design adopted in this study is **Descriptive Research**. Descriptive Research will attempt to determine the extent of difference of needs attributes and opinion of common people.

Descriptive Research

It includes surveys and fact-finding enquiries of different kinds. The major purpose of descriptive research is description of the state of affairs as it exists at present.

In social science and business research we quite often use the Ex-post facto research for descriptive research studies. The main characteristic of this method is that researcher has no control over the variables; he can only report what has happened or what is happening. Most ex-post facto research projects are used for descriptive studies in which the researcher seeks to measure such items as, for example, frequency of shopping, preferences of people, or similar data[16-21].

➤ SOURCES OF DATA

PRIMARY SOURCES

- Through the **Structured undersigned** questionnaire.
- Survey Method.
- Met the customers as well as the public and collected the information regarding the Insurance.

SECONDARY DATA

- The information regarding LIC was collected from company manuals.
- Through Website, Magazines, Journals, News Papers etc.

➤ POPULATION

The total population in the HAJIPUR city constitutes the population for the study.

➤ SAMPLING PLAN

The Sampling plan that is used in this study is **non-probability sampling** method in which is adopted **convenience sampling method**.

Non-probability Sampling

Non-probability sampling is that procedure which does not afford any basis for estimating the probability that each item in the population has of being included in the sample. Non-probability sampling is also known by different names such as deliberate sampling, purposive sampling and judgment sampling. In this type of sampling, item for the sample are selected deliberately by the researcher; his choice concerning the items remains supreme[22-26].

Convenience Sampling

When population elements are selected for inclusion in the sample based on the ease of access, it can be called as Convenience Sampling.

➤ SAMPLE SIZE:

A sample of 200 is collected in and around HAJIPUR divisions.

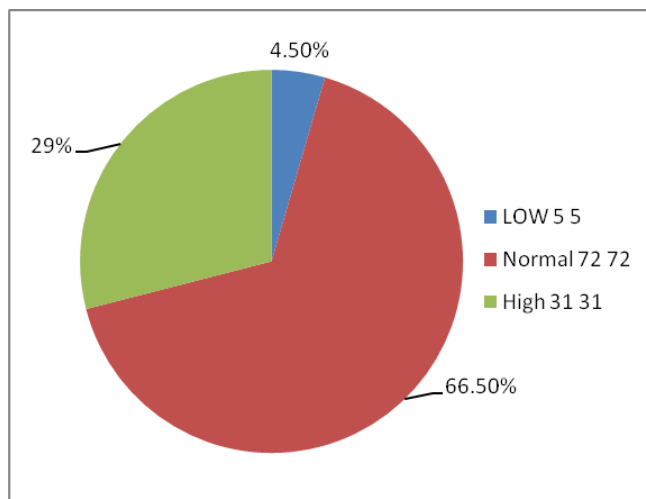
➤ STATISTICAL TOOLS USED

- ✓ Percentage analysis
- ✓ Weighted Average Method
- ✓ Hypothesis testing using ANOVA ('F' Test).

Table No.7

<u>OPINION ABOUT INSURANCE PREMIUM</u>				
Insurance Premium				
	Low	Normal	High	Total
	5	72	31	108
	5	72	31	108
Percentage	4.5%	66.5%	29%	100%

The above table reveals that the respondents opinion about Insurance Premium. 65% of the respondents are having opinion that premium is normal, 29% of the respondents are having opinion that premium is high and 4.5% of the respondents are having opinion that premium is normal[27-31].

CHART – 7 Option about insurance premium**Table No.8**

<u>OPINION ABOUT LIC RETURN</u>				
Return value of LIC				
	Low	High	Very High	Total

	35	49	24	108
	35	49	24	108
Percentage	33%	46%	21%	100%

The above table reveals the opinion of the respondent about the return on LIC.

46% of the respondents are thinking that LIC is having High return. 33% of the respondents are thinking that LIC is having Low return, and the remaining 21% of the respondents thinking that LIC is having Very High return

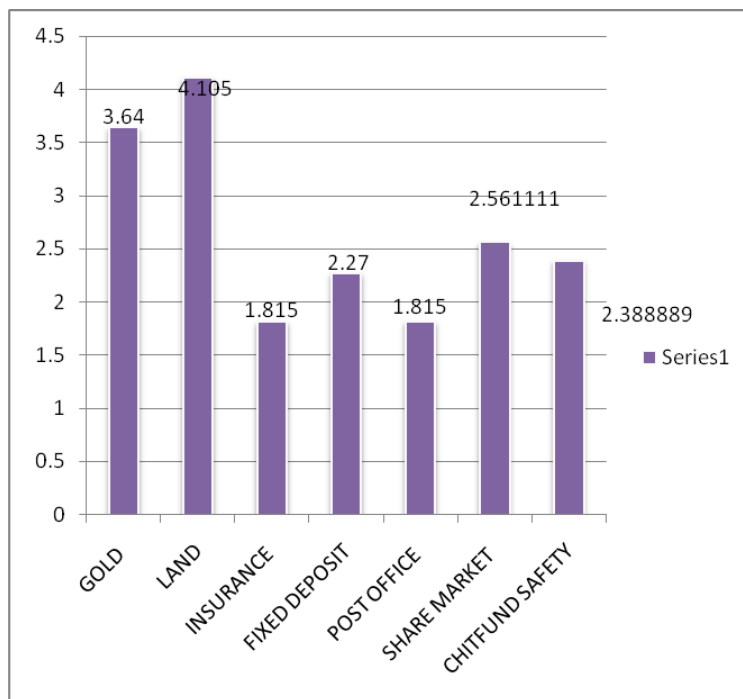
Liquidity Vs Option

	VH	H	F	L	VL	Weighted Average Total	Weighted Average Method
GOLD	165	320	219	20	4	728	3.64
LAND	305	292	144	74	6	821	4.105
INSURANCE	25	12	75	168	83	363	1.815
FIXED DEPOSIT	20	52	144	206	32	454	2.27
POST OFFICE	20	36	66	152	89	363	1.815
SHARE MARKET	5	44	270	128	14	461	2.561111
CHITFUND SAFETY	5	52	216	176	24	473	2.388889

The above table reveals that the liquidity level of Investment.

As per the respondents opinion 4.10 weights is given to the liquidity level for Land, 3.64 weights is given to the liquidity level for Gold, 2.56 weights is given to the liquidity level for Share Market, 2.38 weights is given to the liquidity level for the Chit Fund, 2.27 weights is given to the liquidity level for Fixed Deposit and 1.81 weights is given to the liquidity level of Insurance and Post Office[32-35].

CHART – 10

Liquidity Vs Option**Option****Table 11 Tax Benefit Vs Option**

	VH	H	F	L	VL	Weighted Average Total	Weighted Average Method
GOLD	20	24	9	21	181	246	1.23
LAND	10	8	21	22	178	239	1.195
INSURANCE	120	180	213	110	5	628	3.14
FIXED DEPOSIT	40	16	66	30	151	303	1.515

POST OFFICE	140	172	192	104	13	621	3.105
SHARE MARKET	10	12	24	12	162	220	1.21547
CHIT FUND	0	0	9	12	189	210	1.060606

The above table reveals that the Tax Benefit level of Investment

As per the respondents opinion 3.14 weights is given to the Tax Benefit level for Insurance, 3.10 weights is given to the Tax Benefit level for Post Office. 1.51 weights is given to the Tax Benefit level of Bank, 1.23 weight is given to the Tax Benefit level for Gold, 1.21 weights is given to the Tax Benefit level for Share Market, 1.19 weights is given to the Tax Benefit level for Land and 1.06 weights is given to the Tax Benefit level for Chit Fund[36-41].

FINDINGS

- ❖ HAJIPUR has got only a limited number of government officers which functioned with limited staffs. Hence majority of the people seek employment in the private sector employee.
- ❖ Amongst the various investment avenues available to customer banks were the most preferred. Chit Funds are the least preferred option.
- ❖ Off the 200 respondents survey 54% had an insurance policy which is a fairly good penetration.
- ❖ It is interesting to know that none of the respondents quoted the rate of return (interest) as the reason for investing in Life Insurance.
- ❖ The sample was divided into five groups on the basis of percentage of annual income saved. It was seen that people saving between 1 – 10% of their annual income at people saving more than 20% preferred in life insurance in case of the higher percentage category (i.e.) 16 – 20% and above 29% categories banks were preferred.
- ❖ LIC enjoys a favorable opinion with regards to premium it charges with about 70% feeling the premium was either normal or low[42-44].
- ❖ Opinion about the returns from LIC is an area of concern 1/3 of the respondents felt that the return was low.
- ❖ The respondents study the various investment option from the point of view safety and concluded that Insurance, Post office and Fixed Deposits are most preferred one.

- ❖ With respective Tax Benefits Insurance and Post Office is the most preferred investment avenue.

SUGGESTIONS

- ➔ A reduction in premium rate may result in increase number of policyholders.
- ➔ The companies should come out with policies, which offer returns in line with what is offered by other investment avenues.
- ➔ Majority of the respondents hold an LIC Policy for the saving benefits it offers the same advantage should be further highlighted to increase the number of the policyholder.
- ➔ LIC agents have played a major role in creating awareness among the people about insurance steps should be taken to further motivate the agents which may result in increase the business[43-45].
- ➔ The study shows that awareness about Insurance is poor among youngsters and teenagers.
- ➔ The company should take necessary steps to communicate the importance of Insurance among youngsters. Since youngsters of today are policyholders tomorrow.

CONCLUSION

In this competitive scenario, a key difference in gaining a winning edge will be the customer service provided by the insurers, be it in terms of quality of advice given by the distribution channels (advisors, banks) or policy processing to settlement of claims.

For the first time in four decades the customer is really the focus and companies are vying with one another to perform to very transparent and tight benchmarks of service.

It is significant that the IRDA has brought out regulations that prescribe service standards and parameters. These Policyholders Protection Regulations are comprehensive: which ensure transparency and accuracy.

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