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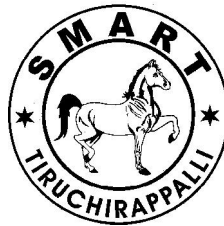
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ANALYSIS OF THE SOCIO-ECONOMIC BACKGROUND AND ATTITUDE OF THE POLICYHOLDERS TOWARDS LIFE INSURANCE CORPORATION OF INDIA

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Abstract
Insurance in any economy is regarded as a pillar of growth and works as a catalyst in the overall development of the economy. The industry always remains a source of long-term funds, which are vital for the development of the basic infrastructure of a country. The present study is an attempt to study the socio-economic background and attitude of the policyholders towards LIC in Ramanathapuram District. The sample of the study consists of 300 policyholders in the study area. In the analysis, factors like sex of the policyholders, occupation and patronage mentality of the policyholders do not influence the level of attitude.

Introduction

Insurance in any economy is regarded as a pillar of growth and works as a catalyst in the overall development of the economy. The industry always remains a source of long-term funds which are vital for the development of the basic infrastructure of a country. The insurance helps in giving depth to the debt and capital market and also vitalizes the market for government bonds. Well run insurance companies are the best recyclers of a country's money in the interest of the country's overall development, particularly because these companies match their liabilities with local assets. Insurance is basically defined as a financial agreement that redistributes the cost of unexpected losses. Today, it stands both as a service and industry in its own right.

In this article, an attempt has been made to study the socio-economic background and attitude of the policyholders towards LIC in Ramanathapuram District.

Statement of the problem

Many policyholders take up life insurance policies for the purpose of giving economic protection to their children when they attain adulthood. The lump sum available on maturity of the policy may be utilized for education, marriage, self-employment and other useful purposes. Even though policyholders take up life insurance for the purpose of covering the risk, many policyholders have a strong feeling that life policies act as long-term investments. In these competitive days, the LIC offers a variety of life insurance policies. At the same time, LIC has introduced new life insurance plans to meet the demands of the changing social and economic environment.

For 43 years, L.I.C. of India enjoyed monopolistic status. Large funds could be raised for nation building activities and millions could enjoy the benefits of life insurance. However, when a vast majority of the population of insurable lives in India remained uncovered and untapped, Government of India decided to open up the markets and the economy of our country for private and foreign entrepreneurs. In 1999, the Insurance Regulatory and Development Authority (IRDA) Act was passed in the Parliament and the IRDA was set-up to monitor, regulate and control the affairs of various life and general insurance companies in India.

At present, there are 17 private insurance companies (including Indian private insurance

companies and Indian private insurance companies with foreign partners) in India. These companies are competing with the Life Insurance Corporation of India to tap the immense insurance market potential of India. The new entrants, with the most modern technologies and sophisticated and efficient management capabilities, pose a great threat to the erstwhile monopolistic Life Insurance Corporation of India.

Hence the study proposes to analyse the socio-economic background and the attitude of the policyholder towards LIC in Ramanathapuram Distirct. In order to find out the facts, it was imperative to take-up an in-depth study involving the LIC and its policyholders.

Objectives of the Study

1. To examine the socio-economic background and attitude of the policyholders in the study area.

2. To offer suitable suggestions to improve the services of LIC based on the views of policyholders.

Hypotheses

To give specific focus to the objectives, a few hypotheses have been formed to be tested by using appropriate statistical tools. They are,

1) The level of attitude of policyholders is independent of age, sex, education, marital status, family size and occupation.

2) The number of earning members and income of the policyholders do not influence the attitude of the policyholders.

3) The awareness and patronage mentality is independent of the level of attitude.

Methodology

The primary data were collected from policyholders who took life insurance policies in Ramanathapuram District. For the purpose of collecting the primary data, an interview schedule was used by the Researcher. In this study, Ramanathapuram District is stratified into 6 revenue taluks. A sample of 300 respondents was selected for the study. The Researcher has adopted Proportionate Stratified Random Sampling method for selecting the respondents. Under this technique, the sample size stood at 3 per cent. The Researcher selected a sample of 3 per cent at random from each stratum.

Data Processing

After collecting the primary data with the help of interview schedule, a thorough verification of data was made. Then editing work was undertaken. Further, in order to process the responses of policyholders, a master table was prepared and a code was given to indicate each of the information to be used for analysis. After preparing the master table, the information was transcribed into tally sheet and with the help of these tally sheets, classification tables were prepared for further analysis.

Tools of Analysis

To analyse the relationship between the socio-economic background and the attitude of policyholders, Single Percentage Analysis and Chi-Square Test were used.

In order to measure the attitude, the policyholders were classified into three groups, namely, high, medium and low level attitude.

Limitations of the Study

This study is about the attitude of sample policyholders. At the same time, this study also focuses on socio-economic factors which determine the attitude. This study investigates the attitude of policyholders of Ramanathapuram District only.

Findings of the Study

1) It is inferred from the analysis that 78 (26 per cent) recorded a high level of attitude towards the services of LIC of India in the

study area, 158 (52.67 per cent) a medium level of attitude and 64 (21.22 per cent) only a low level of attitude towards the services of LIC.

2) It is understood that middle age group (25 to 40 years) experienced a medium level of attitude towards the services of LIC.

3) Majority of males and females recorded medium level of attitude. Large member of females recorded low level attitude.

4) It is inferred that majority of policyholders (26 out of 78), with high level attitude, possessed post graduate and professional level education. Majority of policyholders (41 out of 64), with low level attitude, underwent only primary and secondary education.

5) It is understood that majority of married policyholders rcorded high level and medium level attitude towards the services of LIC.

6) Family size is another criterion. Majority of medium size families (sizes 3 to 6 members) experienced high level and medium level attitudes.

7) It is inferred that occupation was scattered in all the three levels of attitudes.

8) The number of earning members is also an important variable to influence the level of attitude. Majority of them were in the family of 2 to 4 earning members.

9) Income is also another important yard stick to measure the attitude. Majority of sample policyholders were under the income category of Rs.50,000 to Rs.75,000.

10) It is inferred from the analysis that out of 300 policyholders, 166 (55.33 per cent) of them were aware of insurance and only 134 did not have awareness. Majority of policyholders, with awareness, experienced high level attitude.

11) The analysis, through the testing of null hypothesis, revealed that the following seven factors influence the level of attitude towards the services of LIC of India.

 i) Age of policyholders

 ii) Educational level

 iii) Marital status

 iv) Family size

 v) Number of earning members

 vii) Income of policyholders

 viii) Awareness of policyholders

12) Again, the analysis showed that the following three factors do not influence the level of attitude.

 i) Sex of policyholders

 ii) Occupation

 iii) Patronage mentality of policyholders

Suggestions

The following suggestions, based on the findings of the study, are given for the growth of LIC.

1) It was surprising to note that there were many policyholders who had taken only one life insurance policy. Holding more policies helps one to get greater service from the corporation. Hence it is suggested that the corporation can introduce prize schemes, and give it extensive publicity in order to persuade people to take more policies.

2) It is observed that the group insurance policies are not so popular among the public. Many policyholders do not know of the existence of group insurance schemes. It may be suggested that the corporation could formulate a system of giving recognition to the employees who help to bag a big volume of business.

3) In order to increase the volume of whole-life policies, the corporation offers a higher bonus for them than the endowment policies. In spite of such high bonus and low premium, many do not opt for whole-life policies. It is understood that policyholders could not get any monetary benefit during their life time. Thus, it may be suggested that to overcome this problem, the corporation could modify the policy and offer special bonuses every ten years.

4) Published literature, containing details of all types of policies, must be made easily available to the prospective policyholders.

5) At present, each division includes many districts under its operational area. For the purpose of providing quality service, each district must have a divisional office.

6) Life Insurance Week should be celebrated throughout the country similar to the Savings Week of commercial banks, and the Safety Week of the Indian Railways. During the Life Insurance Week, aggressive and attractive posters bringing home the laudable services of the LIC could be exhibited in cities, towns and villages throughout the country. Even mobile service teams can be floated for getting new life insurance proposals from various centres.

Conclusion

Thus it may be concluded from the analysis that the study was of great help to the policyholders, as it was aimed at finding the attitude towards the services of LIC policyholders. Hence the prospective customers, who propose to buy the insurance products and avail of the services of an insurance company for the first time, can get benefited if they select the best service provider that can provide all these factors in the most comprehensive way.

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Table - I
Level of Attitude of Policyholders

Sl. No.	Level of Attitude	Number of Policyholders	Percentage
1.	High	78	26.00
2.	Medium	158	52.67
3.	Low	64	21.33
	Total	**300**	**100.00**

Source: Primary Data.

Table - II
SOCIO-ECONOMIC BACKGROUND AND LEVEL OF ATTITUDE OF THE POLICY HOLDERS

		H	M	L	T
1.	**Age**				
	Below 25	21 (26.92)	32 (20.25)	11 (17.19)	64 (21.33)
	25-35	16 (20.51)	44 (27.85)	6 (9.38)	66 (22.00)
	35-45	18 (23.08)	24 (15.19)	28 (43.75)	70 (23.33)
	45-55	10 (12.82)	31 (19.62)	14 (21.88)	55 (18.33)
	Above 55	13 (16.67)	27 (17.09)	5 (7.81)	45 (15.00)
	Total	78	158	64	300
2.	**Sex**				
	Male	42 (53.85)	89 (56.33)	25 (39.06)	156 (52.00)
	Female	36 (46.15)	69 (43.67)	39 (60.94)	144 (48.00)
	Total	78	158	64	300
3.	**Educational qualification**				
	Primary	9 (11.54)	26 (16.46)	22 (34.38)	57 (19.00)
	Secondary	11 (14.10)	29 (18.35)	19 (26.69)	59 (19.67)
	Higher Secondary	12 (15.38)	47 (29.75)	8 (12.50)	67 (22.33)
	Under Graduates	20 (25.64)	38 (24.05)	9 (14.06)	67 (22.33)
	Post Graduates/Professional	26 (33.33)	18 (17.39)	6 (9.38)	50 (16.67)
	Total	78	158	64	300
4.	**Marital status**				
	Married	41 (52.56)	91 (57.59)	18 (28.13)	150 (50.00)
	Unmarried	28 (35.90)	48 (30.38)	43 (67.19)	119 (39.69)
	Widow/ Widower	9 (11.54)	19 (12.03)	3 (4.69)	31 (10.33)
	Total	78	158	64	300
5.	**Family size**				
	Below 3	18 (23.08)	21 (13.29)	36 (56.25)	75 (25)
	3-6	47 (60.26)	89 (56.33)	18 (28.13)	154 (51.33)
	Above 6	13 (16.67)	48 (30.38)	10 (15.63)	71 (23.67)
	Total	78	158	64	300

		H	M	L	T
6.	**Occupation**				
	Govt. employee	18 (23.08)	44 (27.85)	8 (12.50)	70 (23.33)
	Business	23 (29.49)	29 (18.35)	13 (20.31)	65 (21.67)
	Farmer	14 (17.95)	21 (13.29)	15 (23.44)	50 (16.67)
	Housewife	6 (7.69)	19 (12.03)	4 (6.25)	29 (9.67)
	Professionals	12 (15.38)	27 (17.09)	21 (32.81)	60 (20.00)
	Others	5 (6.41)	18 (11.39)	3 (4.69)	26 (8.67)
	Total	78	158	64	300
7.	**Earning members**				
	Below 2	18 (23.08)	89 (56.33)	14 (21.88)	121 (40.33)
	2-4	43 (55.13)	47 (29.75)	18 (28.15)	108 (36.00)
	Above 4	17 (21.79)	22 (13.92)	32 (50.00)	71 (23.67)
	Total	78	158	64	300
8.	**Income (Rs.)**				
	Below 30,000	17 (21.79)	18 (11.39)	3 (4.69)	38 (12.67)
	30,000- 50,000	19 (24.36)	57 (36.08)	4 (6.25)	80 (26.67)
	50,000-75,000	36 (46.15)	24 (25.19)	13 (20.31)	73 (24.33)
	75,000-1,00,000	4 (5.13)	38 (24.65)	28 (43.75)	70 (23.33)
	Above 1,00,000	2 (2.56)	21 (13.29)	16 (25.00)	39 (13.00)
	Total	78	158	64	300
9.	**Awareness**				
	Having awareness	47 (60.26)	93 (58.86)	26 (40.63)	166 (55.33)
	Not having awareness	31 (39.74)	65 (41.14)	38 (59.38)	134 (44.69)
	Total	78	158	64	300
10.	**Patronage mentality**				
	Respondents with patronage mentality	38 (48.72)	89 (56.33)	30 (46.88)	157 (52.33)
	Respondents who don't have patronage mentality	40 (51.28)	69 (43.67)	34 (53.13)	143 (47.67)
	Total	78	158	64	300

Source: Primary data   H = High   M = Medium   L = Low   T = Total

TABLE III

Socio-economic Background and Level of Attitude of Policyholders : Chi-square Test

S.No.	Socio-Economic factors	Chi-Square Test	D.F
1.	Age	20.9935	8
2.	Sex	5.2973*	2
3.	Educational qualification	45.0080	8
4.	Marital status	21.6306	4
5.	Family size	49.3838	4
6.	Occupation	15.659*	10
7.	Number of earning members	57.0346	4
8.	Income of the policyholders	81.2176	8
9.	Awareness of the policyholders	6.8571	2
10.	Patronage mentality	1.9384*	2

* Significance at 5% level

* DF = Degree of Freedom