

A Comparative Study on the Level of Satisfaction of the Customers from the Policies and Services Offered by LIC and ICICI Prudential

Varna T M

Cochin University

Abstract: ***Objectives:** To find out the level of satisfaction of the policy holders from the insurance policies and services offered by LIC and ICICI Prudential. The study is restricted to Ernakulam District and the period of study was one month. (1) Data abstracted included policyholders' gender, age, marital status, education, occupation and income wise classification. **Findings:** (1) Life insurance policies are the main investment plan to secure life (2) Agents/Advisors are the main information provider of Life insurance companies (3) Majority of the respondents both LIC and ICICI have the opinion that the company is offering better customer service. **Conclusion:** On the basis of the present study, it can be concluded that the policyholders have experienced different levels of services. As such, all the policy holders of both LIC and ICICI have shown their satisfaction towards the services of both insurance companies.*

Keywords: LIC, ICICI Prudential, Perception, FPI, AAA (Ind)

1. Introduction

Human Life is open to many risks and uncertainties. For instance, accidents, death, destruction of property by fire, flood etc. may take place at any time. Insurance is a device or rather a means, to minimize the evil effects of these risks, and uncertainties on a man. It does not eliminate risks, but it gives a man protection against risks.

There are countless risks in every sphere of life. The changes of occurrence of the events causing losses are quite uncertain because these may or may not take place.

While it may not be possible to tell in advance, which person will suffer the loss, it is possible to work out the probability as to how many may suffer the loss, therefore people facing similar risks come together and contribute towards a common fund. When risk occurs, the loss is made good out of the common fund. In insurance, the effects of risks and uncertainties on one man are shared among a large number of men who also are open to the same risks. In short, insurance is a mechanism through which the sufferings of one man is minimized by sharing it with many men.

Need and significance of the study

The Indian insurance industry has moved into a more competitive arena with the arrival of private players in the market. Even though the life Insurance Corporation of India (LIC) reigns supreme in terms of market share, private companies are gearing up to woo the consumer. Any new player entering the insurance business would try to differentiate its products offering, but it is the service delivery system which would become the key differentiator. One of the most curious aspects of insurance service is that customers expect quality and customization simultaneously. These two aspects may be tailor made to retain the customers in the long run. Here to compare the satisfaction level of the customers, the life insurance companies taken for the study are the one and

only public player and market leader in life insurance industry LIC and the top private player among the 15 private players in the life insurance industry is ICICI Prudential.

Statement of the problem

Customer service is the ability of an organization to constantly and consistently give the customer what they want, need and expect. Quality in customer service is critical to success in any liberalized environment. The primary focus of the insurance companies in the liberalized era is in delivering quality service. It is highly essential to bring about quality improvement in the services of the life insurance companies, as the customers taste, preference and requirements are ever changing. Quantifying service quality measurements will help the companies to direct their efforts towards service improvement. This involves an understanding of the customer expectations and perception of the services.

“A comparative study on the level of satisfaction of the customers from the policies and services offered by LIC and ICICI Prudential” highlights the comparison of the perception of the services offered by LIC and ICICI Prudential.

2. Objectives

1. To study the various insurance policies and services offered by the LIC and ICICI.
2. To find out the level of satisfaction of the policy holders from the insurance policies and services offered by LIC and ICICI Prudential.
3. To find out the factors influencing the policy holders for buying the insurance policies and services offered by LIC and ICICI.

3. Methodology

The population of the study consists of the policy holders

of both LIC and ICICI in Ernakulum district. For the purpose of the study 25 customers from LIC and 25 customers from ICICI were selected using convenient sampling. Survey analysis was used in this study and the statistical technique used in this study was percentage analysis.

The study is restricted to Ernakulum district. The period of study was one month. The life insurance companies taken for the study are the one and only public player and market leader in life insurance industry LIC and the top private player among the 15 private players in the life insurance industry ICICI prudential.

Data have been collected from both primary and secondary sources. The primary data for the study have been collected from the policy holders of both LIC and ICICI with the help of questionnaires.

The secondary data were collected from the records and documents published from various departments of LIC and ICICI office, Divisional and Branch offices, brochures of LIC and ICICI, publications of LIC and ICICI, like agents manual, servicing manual for agents and other related books journals and periodicals etc. The data have also been gathered from the official websites of LIC and ICICI and other websites.

4.Limitations

1. The study is conducted within a limited period of time.
2. The study is not able to collect up-to-date statistical data and information
3. Inherent limitation of sampling have affected the study to a certain extent.

The life insurance industry in India

The life insurance industry in India is one of the hard-core parts of the service sector. It not only provides safety against risk for individuals it also creates the savings and investment habits among the individuals. The life insurance sector by its nature attracts long term funds which are invested in productive heads for the development of the Indian economy. In spite of its greater importance, the awareness and penetration of life insurance is very low.

The penetration of life insurance was less than 1% till 1990-1991 during the 90s, it was between 1% and 2% and from 2001. It was over 2%. In 2003-2004, it was 2.4% and in the year 2006 it has increased to 4.1%. After opening up of insurance sector to the private players the GDP from life insurance and its penetration has increased, which revealed that that insurable population is more and there would be more opportunities for any new entrant.

In the pre liberalized environment, the term "Life Insurance" was attributed to the big brother of the life insurance industry the public monolith, "Life Insurance Corporation of India"

Life Insurance Corporation of India (LIC)

The Life Insurance Corporation of India is the largest life insurance company in India; it is fully owned by the government of India. Life Insurance Corporation of India was formed in September, 1956 by an act of Parliament. Head Quarters in Mumbai, and it has 8 zonal offices and 101 divisional offices located in different parts of India, at least 2048 branches and 8.5 lakh agents located in different cities and towns of India, and has a network of around 1.2 million agents for soliciting life insurance business from the public. LIC was created with the prime objectives of spreading life insurance much more widely and in particular to the rural areas with a view to reach all insurable person in the country, by providing adequate financial cover at a reasonable cost through the agent force. LIC sold products as tax instrument not as a product giving protection. Most customers were under insured by international standards, with no flexibility or transparency in the products.

With the entry of private players, the rules of the game have been changed.

LIC still continuous to be the dominant life insurer even in the liberalized scenario of Indian insurance and is moving fast on new growth; surpassing its own past records. It still the industry by achieving the highest market share (based on premium collection) and numbers of policies issued were 68.64% and 76.55% respectively. From the incorporation date LIC has crossed many mile stones and has set unprecedented ended performance records in various aspects of the life insurance business. Even the liberalized competitive environment, the three letters "LIC" stands as synonym for insurance services, excellence in strengthening the economic status of the country and above all creating trust and confidence in the minds of its policy holders.

Industrial Credit and Investment Corporation of India (ICICI)

ICICI Prudential is a joint venture between ICICI Bank and Prudential plc engaged in the business of life insurance in India. ICICI prudential is the largest private insurance company and second largest insurance in India after LIC. ICICI Prudential Life Insurance Company is a joint venture between ICICI Bank, a premier financial power house, and prudential plc, a leading international financial services group head quartered in the United Kingdom.

ICICI prudential was amongst the first private sector insurance companies to begin operations in December 2000 after receiving approval from insurance regulatory Development Authority (IRDA). Total Capital infusion stands at Rs.47.80 billion, with ICICI Bank holding of 74% and prudential plc holding 26%. Among private life insurance companies, ICICI Prudential has procured maximum business both in terms of FPI and Number of policies sold.

ICICI Prudential Life is also the only private life insurer in India to receive a National Insurer Financial strength rating of AAA (Ind) from Fitch ratings. The AAA (Ind) rating is the highest rating and is a clear assurance of ICICI prudential ability to meet its obligations to customers at the time of maturity or claims. For the past 7 years, ICICI Prudential life has retained its leadership position in the life insurance industry with a wide range of flexible products that meet the need of the Indian customer at every step-in life.

Since liberalization of Indian insurance sector, ICICI prudential Life Insurance has been one of the earliest private players, since the time, ICICI Prudential life has been the leader in terms of market share as indicated by the IRDA as its websites.

Arguably the most innovative Indian Life Insurer in terms of Customer Services and Products, ICICI prudential has one of the largest distribution and servicing network with 1960 branches (Inclusive of 1096 micro-offices) over 237000 advisors, and 6 bank assurance partners.

5. Findings

1. Agents/ Advisors are the main information provider of life insurance companies
2. Life insurance policies are the main investment plan to secure life.
3. LIC Policy holders suggest that the company is good but the ICICI respondents are satisfied with the services offered by the company.
4. LIC Policy holders are more satisfied with the products offered by the company.
5. Both LIC and ICICI suggest it as "good" in the rating of the company.
6. Majority of the respondents both LIC and ICICI have the opinion that the company is offering better customer service.

Suggestions

1. Product development should be based on excessive market survey
2. Both companies provide proper answer for the respondents' queries and quick response through websites.
3. LIC should provide more facilities for the direct payment of premium.
4. The agents/advisors of both LIC and ICICI should maintain a smooth relationship with their customers and the agents are more of all the benefits obtained from different policies.
5. Intimating the policy holders about the current status, venture of new policies through mobile alerts, e-mail intimation or directly through telephone etc. ... have a direct impact on the customer's satisfaction.

6. Conclusion

On the basis of the present study, it can be concluded that the policy holders have experienced different levels of services. As such, all the policy holders of the both LIC

and ICICI have shown their satisfaction towards the services of both insurance companies. For competing with other private players LIC and ICICI have shown their satisfaction towards the services of both insurance companies. For competing with other private players LIC and ICICI have to improve their services offered to the policy holders. In order to maintain the leading position in the public sector insurance industry in the country the LIC should take necessary steps to identify the needs of the people and try to satisfy the perception of the policyholders. In order to attract more customers and to maintain the leading position in the private sector insurance industry, ICICI also should take necessary steps to identify the needs of the people, try to satisfy the perception of the policyholders and also improve their customer services. The forth coming years will be more dynamic and challenging for these insurance companies as delivering excellent services to all the strata of the economy will ensure their share.

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