

## CHAPTER V

### SUMMARY AND CONCLUSION

#### FINDINGS OF THE STUDY

The findings of the study are presented in three sections. Section I discusses about the MI policy holders, section II discuss about the role and operational features of LIC's Intermediaries and section III deals with problems and suggestions.

#### I. LEVEL OF AWARENESS ABOUT LIC MI AMONG THE POLICY HOLDERS

- It has been clearly observed from the study that LIC uses NGO's as their MI intermediaries, SHG's under the NGO's play an important role in passing MI information directly. It is the primary channel to create awareness about the MI policies than the MI agents.
- The study states that 60 percent of the sample LIC MI policy holders have an ability to differentiate MI policies from Conventional policies of LIC.
- Chi-square test was applied to find out the relationship between the type MI intermediary and the ability to differentiate the MI policies from conventional policies. The calculated chi-square value 3.063 is less than the table value of 3.841 at 5% level of significance. So there is no significant relationship between the type of MI intermediary and the ability to differentiate LIC MI policies from conventional policies. Whereas gender, age, education, marital status, occupation, monthly income, and location factors have a significant relationship with the ability to differentiate LIC MI policies from conventional policies. It is observed that socio economic factors of MI policy holders definitely influence the ability to differentiate LIC MI policies from conventional policies.
- It has been found that among the surveyed respondents Jeevan Madhur policy of MI is the most popular one. The maximum number of policy purchased is Jeevan Madhur.

- It has been observed that SHGs and MI agents (74%) are the most popular channels positively influencing MI policy holders to buy MI policies. The chi-square result says the type of MI intermediary and monthly personal income has a significant relationship with the channels influencing the purchase of the policy. Gender, age, education, occupation, marital status and location do not have any significant relationship with the channels that influence purchase of the product.

## **II. PERCEPTION OF TARGET GROUPS ABOUT LIC MICRO INSURANCE**

- It was found that from the mean score analysis, the highest score was given for the statement “It is easy to take the MI policy, there is no need to fulfill the eligibility norms like conventional policies”. The least score is given for “MI policy holders are not able to pay the premium at any of the LIC branches directly”.
- Factor analysis is applied to 25 perceptual features of MI’s 9 factors were selected. The selected factors were grouped and the factors express the perception of MI policy holders. They are namely inflexibility, support, savings, motivation, attractiveness, affordable premium, marketing and maturity period.
- Further from the factor analysis, the following findings were derived. The sample respondents expressed high degree of perception towards short maturity period and savings aspects of MI policies. So it is be beneficial to them, taking MI policy is not a burden.It encourages the small savings among the low income people and motivation is low to pay the premium of MI policy. MI claims may reduce the family’s financial burden and there is no variety of MI polices to cater the different requirements of the policy holder.
- The t-test was applied to find out whether there is any significant relationship between MI intermediaries, genders, locations and MI perception score. The calculated t-test value for MI intermediaries (5.210) and location (2.127) are

greater than the table value. There is significant relationship between MI intermediaries (NGO's and MI agent), locations of the policy holders and MI perception score. The calculated t-test value for genders is 1.039 which is smaller than the table value. The mean perception scores have no significant relationship between genders. Whatever be the gender, either male or female there is no difference in perception.

- The ANOVA test results show that there is no relationship between the socio economic variable groups (Age, Education, monthly personal income and marital status) and perception on MI. Whatever may be the socio economic variables like age, education, monthly income and marital status, the perception of MI do not differ at all. But the calculated F-ratio value for occupation is greater than the table value. So the perception of MI differs among different occupational groups of MI policy holders.
- It has been found that “inflexibility” is the maximum discriminating variable between policy holders of NGO and the policy holders of MI agents, followed by “premium paid –micro life” and “Marketing” (12.8%). Other variables are discriminating in less than 10% level.

### **insurance practice**

- It has been found out that MI policy holders have an average of 1 to 2 policies per individual. They are paying an average premium between Rs.100 to Rs.200 per month with the average sum assured of Rs.15,000 to Rs.16,868. The average maturity period of the policies lie between 10 to 11 years. The t-test result shows that the averagemean score of MI Intermediaries differ significantly between numbers of MI Policy, premium paid, sum assured and maturity period.
- It was observed that out of 650 respondents, 22 percent of the respondents have LIC's conventional policies too. It is concluded that most of the MI policy holders do not have any other conventional policies of LIC. The Conventional policies held by MI policy holders have an average of 1 to 2 policies per

individual. They are paying an average premium between Rs.600 to Rs.700 per month with the average sum assured of Rs.1,00,000 to Rs.2,00,000. The average maturity period of the policies lies between 15 to 20 years. It was found that LIC MI policy holders hold in addition conventional policies LIC policies also. It indicates that they have a tendency and high possibility of purchasing a suitable LIC MI policies also.

- The study indicates that a majority, 77 percent of the respondents are paying the premium monthly and 51 percent of the respondents are paying premium through Self Help Groups.
- It has been inferred from the study that 53 percent of the NGO's policy holders meet their intermediaries occasionally and the majority 52 percent of the MI Agents' policy holders meet them frequently.
- Chi-square test was applied to find out whether there is significant relationship between frequency in meeting intermediaries and the type of MI intermediary. The calculated value of chi square is 40.837. It is greater than the table value of 11.345 at 1% level of significance.

### **III. LEVEL OF SATISFACTION OF LIC MI POLICY HOLDERS**

- As per the application of likert scale and mean rank analysis the results are derived. Based on these results, MI policy holders level of satisfaction is assessed. Among all the services rendered by MI intermediary, MI policy holders are most satisfied about the smaller premium amount, easy procedures for claims, full amount in claim settlement and timely claim settlements. They are satisfied regarding simple procedure in issuing the policy, responses and accessibility, promptness in payment of premium and issue of receipt.
- The t-test was applied to find out whether the mean satisfaction score differ significantly between NGO and Agent. The calculated t-test value is 5.165, which is greater than the table value of 2.583 at 1% level of significance. Since the calculated value is higher than the table value, it is inferred that the mean satisfaction score differ significantly between NGO and Agent. The MI

- policy holder's satisfaction differs according to the quality of services rendered by the type of MI intermediary (NGO's and MI Agents).
- The t-test was applied to find out whether the overall Satisfaction score on policy and service differ significantly between the type of MI intermediaries, genders, and locations. The calculated t-test value is 0.574 (Genders) and 0.885 (locations) which are less than the table value of 1.964. Whatever is the gender and location of the policy holder, the policy service satisfaction is the same.
  - Whereas the calculated value for MI intermediaries is greater than the table value. The overall satisfaction score on policy, service differ significantly between the type of MI intermediary. The MI intermediary's quality of policy services result in different levels of satisfaction to different MI policy holders.

## **PROBLEMS RELATING TO LIC MI**

### **The problems of the Policy holders:**

The detailed discussions with the MI policy holders in the sample areas stated that most of them face some problems in LIC's MI. The various problems faced by them are stated below.

- All the features' of the policy are not informed well ahead in the initial stage itself (60%).
- Channel of paying premium is inconvenient (37%).
- Problems in SHGs and migration etc. (13%).
- Maturity period is too long (12%).
- The MI intermediaries' irregularity in collecting and paying the collected premium (12%).
- Lack of communication with the MI intermediaries (11%).
- LIC is not immediately responding to the payment of premium, renewals and claims etc (10%).

It was found that the following are the causes for discontinuance of the MI policies.

Inconvenient mode of payment of premium, Financial difficulties, Unwillingness to continue, Intermediaries are not reachable, Lapse of communication regarding policy lapse / revival and other problems like SHG members, lack of motivation to revive and migration etc.

Generally the main problem faced by the respondents was that all the features of the policies are not clearly understood by them and not convincingly explained well by their intermediaries in the initial stage itself.

### **The problems of the LIC MI intermediaries**

It has been found that the following are the problems faced by the LIC MI intermediaries.

- It is very difficult to convince the policy holders to take the policy. They are not willing to take MI policy due to many reasons like financial difficulties and unstable income.
- Collecting premium from policy holders in time
- Lack of awareness about the MI policies among the public.
- Time constraint.
- Keeping policy in force for long duration.
- Other reasons like problems in SHGs, Problems with MI premium collection personnel, policy holders are not reachable, small amount of commissions etc.

## **5.2 CONCLUSION**

The study suggests that it is very important and appropriate that LIC should take steps to spread awareness about their MI products through latest communication devices Internet, Television, Radios and it should use the mobile phones to collect the MI premiums. It need not consider in the initial cost which

spent on creating awareness about MI among low income people. The study has also identified the fact that the distribution channel i.e. NGOs are not only the suitable channel to understand the needs and behavior of rural and urban poor. The LIC have to adopt MI agents in the forth coming years as their distribution channel and also they have to find a new distribution model to capture and address the entire low income segment in the country. Only when the intermediaries and the provider will be able to explain the policies to the potential customers, micro-insurance will flourish. They need to develop new skills, attitudes and strategy to explain the concept and benefits of insurance, to the rural and urban low income mass.

The current study clearly states the perception and satisfaction about LIC MI policy holders and how the LIC and its distribution channels have to behave accordingly in the market. This will greatly increase the policy holder's positive attitude towards MI insurance and their Satisfaction.

Micro insurance not only provides a platform for LIC to enlarge its frontiers and increase their market share (increased premium), it also provides the opportunity to enhance insurance penetration and insurance density amongst the low income population. LIC MI offers a good platform in creating additional employments .i.e. agents, specialists etc.

### **5.3 SUGGESTIONS**

In the light of findings of the study the following suggestions are offered for the improvement of LIC's micro insurance market. To tap the potential market of insurable population and also to increase the MI services among low income people the following suggestions are given to the LIC, its representatives, MI intermediaries and its policy holders.

- The insurance giant LIC is very strong corporate in India. It can make use of the well established net work of branches and insurance market potentials to reach more poor customers in rural and urban areas throughout India.

Therefore, LIC have to specifically address its strategic issues by appropriate and competitive efforts.

- Creation of LIC MI awareness throughout the country by special MI campaign. The study reveals that most of the customers are still not aware of the MI policies and its features. Raising awareness is the most important thing. People in rural regions are not familiar with the concept of MI insurance. LIC has to take suitable steps to give wide publicity about the MI policies to reach rural people. For this purpose it can use the media like FM radio, newspapers, posters, village banners, and assistance of local authority like panchayats, etc especially in the rural areas.
- Selection of appropriate competitive MI intermediaries- NGOs and MI Agents.
- Design and supply of wider variety of MI products. It is also recommended that LIC should follow the restructuring of its marketing policies vigorously to tap the market potentials of uninsured low income population in order to keep pace with the competition

#### • **5.4 SCOPE FOR FURTHER RESEARCH**

The following research study areas identified offers scope for the future study in the field of Micro Insurance.

- The effectiveness of LIC's Group MI products among low income segments of the society.
- Need and demand for MI in India.
- Perception and satisfaction of private Micro (life) Insurance providers in India in formal sector.
- Comparison between formal sector Micro (life) insurance and Informal sector (life) Micro insurance services in India.

- The perception on non-life MI products among rural poor in India.
- Comparison of best MI (life) products between the public and private sector MI companies operating in India.
- Growth and development of Micro insurance in India.