IJARSCT
International Journal of Advanced Research in Science, Communication and Technology
International Open-Access, Double-Blind, Peer-Reviewed, Refereed, Multidisciplinary Online Journal
ISSN: 2581-9429
Volume 6, Issue 5, November 2026
Impact Factor: 8.2

Bridging Sovereign Trust and Digital Service Delivery: An Empirical Study on Customer Perception of LIC Services in India

Sudhir Kumar Avadhesh Yadav[1] and Dr. Purnima Chouhan[2]
MBA (Marketing & Finance),– Amity Business School, Amity University Mumbai, Maharashtra, India[1]
Project Guide – Amity Business School, Amity University Mumbai, Maharashtra, India[2]

Abstract : *Following the opening up of the insurance industry in India through the IRDA Act in 1999, the Life Insurance Corporation of India (LIC) evolved from four decades of public sector domination to a market of privately owned operators that are technologically advanced. The LIC was able to maintain its leadership position with over 56% share of First Year Premium Income, Assets Under Management exceeding □57 lakh crore and Death Claim Settlement Ratio ranging from 98% to 99%. However, the LIC has to adapt to changing expectations related to digital convenience, efficiency of products and speed of services from its customers. The present study has analyzed the gap between the perceived trustworthiness of the LIC as an institution and its effectiveness in delivering services. A descriptive and exploratory research methodology was adopted to gather primary data via structured questionnaires (N=56 respondents) and secondary data from various regulatory reports of IRDAI and the annual reports of the LIC. The findings show that brand awareness was 100%, positive reputation rating was 76.8%, and recommendation intentions were 75.0% mainly due to word-of-mouth communication (46.4%) and the LIC agents (35.7%). However, there is a clear satisfaction neutrality paradox since almost half of the participants remained neutral with regard to overall satisfaction (48.2%), online service.*

Keywords: *insurance industry*

I. INTRODUCTION

An emerging economy's structural backbone is made up of the financial services sector. The sector converts household savings into long-term investments and protects people and businesses from financial upheavals. Life insurance acts as a connector in this environment, and it helps to manage risks associated with death and longevity while obtaining financing for large projects. Historically, Indian consumers have prioritized capital preservation, tax savings, and receiving safe returns over risky investments. However, the rise in disposable incomes, the emergence of city-dwelling population, and knowledge of financial issues have modified customer expectations. Current clients of life insurers regard them not only as places to save taxes but also as partners providing comprehensive wealth management services.
Founded on 1st September 1956 as a result of nationalisation and integration of 245 domestic and foreign insurance companies with a starting capital of □5 crore, Life Insurance Corporation of India (LIC) operated for more than 40 years as a state enterprise. Actively using the motto 'Yogakshemam Vahamyaham' (Your welfare is my responsibility) from Sanskrit times and receiving support from the direct guarantee by the Central Government according to Section 37 of the LIC Act of 1956, LIC achieved popularity across the country, both in urban and rural context, becoming a household name. The start of the introduction of private companies into the market in 2000 after the recommendations of Malhotra Committee (1994) and the adoption of the IRDA Act (1999) has led to a strong innovation among providers by means of application of e-underwriting, collaboration with banks in bancassurance, and providing Unit linked insurance plan (ULIPs) and cheap pure term policies. Nonetheless, being the largest institutional investor in

IJARSCT
International Journal of Advanced Research in Science, Communication and Technology
International Open-Access, Double-Blind, Peer-Reviewed, Refereed, Multidisciplinary Online Journal
ISSN: 2581-9429 Volume 6, Issue 5, November 2026 Impact Factor: 8.2

India (AUM > □57 lakh crore), covering more than 65% of individual policies as well as 68% of group life premiums, LIC has to deal with many issues while focusing on the adoption of digital technologies, net yield prejudices with regard to traditional participating endowment plans, and improvements of service turnaround time.

II. LITERATURE REVIEW AND THEORETICAL FRAMEWORK

The principles of behavioral economics dictate consumer attitudes in finance industries, including loss aversion, mental accounting, and institutional trust heuristics. Life insurance is an intangible provision with its realization occurring decades after buying the policy. Thus, consumers use substitutes such as brand history, government guarantees, and CSR as parameters to judge trustworthiness of life insurance firms. It has been observed that earlier empirical research conducted across regions in India has affirmed LIC's presence in the market while revealing new service shortfalls.

Author(s) / Study Context	Sample & Scope	Core Empirical Findings
Parasuraman, Zeithaml & Berry (1988)	SERVQUAL Theoretical Model	Established five service quality dimensions—tangibles, reliability, responsiveness, assurance, and empathy—governing perceived service gaps.
Coimbatore Perception Study (2018–19)	N = 200 Policyholders	88% preferred LIC over private insurers; company reputation (30%) and brand image (25%) drove selection, with maturity payouts scoring a 3.845 Likert mean.
Dr. Annamalai (2018)	Service Awareness Study	Demonstrated that LIC competes primarily via human touchpoints; policyholders place deep emotional and financial faith in individual agents over direct channels.
Sathyabama Institute (South Chennai)	N = 200 Respondents	78% preferred LIC and 72% bought via agents; statistically significant correlation ($p < 0.01$) established between education, income, and brand trust.
Anjali Mathew & Justin P. James (2021)	Pollachi Regional Study	Confirmed that LIC policies serve as a foundational cornerstone for middle-class household savings, risk mitigation, and disciplined wealth accumulation.
Kumar & Singh (2022) / Agarwal (2023)	Public vs. Private & Digital Transition	Highlighted the divergence between LIC's sovereign safety appeal and private insurers' advantage in digital UX, paperless onboarding, and yield transparency.
Coimbatore (2025) & Delhi (2026) Studies	N = 300 Policyholders	Identified persistent consumer knowledge gaps regarding policy fine print and riders; post-sale responsiveness directly dictates policy renewal versus churn.

The principles of behavioral economics dictate consumer attitudes in finance industries, including loss aversion, mental accounting, and institutional trust heuristics. Life insurance is an intangible provision with its realization occurring decades after buying the policy. Thus, consumers use substitutes such as brand history, government guarantees, and CSR as parameters to judge trustworthiness of life insurance firms. It has been observed that earlier empirical research conducted across regions in India has affirmed LIC's presence in the market while revealing new service shortfalls.

IJARSCT
International Journal of Advanced Research in Science, Communication and Technology
International Open-Access, Double-Blind, Peer-Reviewed, Refereed, Multidisciplinary Online Journal
ISSN: 2581-9429
Volume 6, Issue 5, November 2026
Impact Factor: 8.2

III. RESEARCH OBJECTIVES AND METHODOLOGY

3.1 Objectives of the Study

Analyzing Demographics: To research the demographic features of the respondents and determine them as an influencing elements on insurance purchasing decisions.

Brand Awareness & Channel Analysis: To measure the brand awareness among people, the product knowledge levels, and the main information sources available for customers.

Understanding the Perceptual Elements: To assess the main reasons for buying insurance (savings, retirement, tax advantages, protection) and brands' reliability.

Evaluation of Services & Digital Platforms: To identify customer satisfaction in terms of agents' assistance, costs, purchasing process, settlements, and use of online channels.

Recommendations: To develop specific digital and operational strategies to change customer perception from neutral to positive.

3.2 Research Design and Data Collection

The research utilizes a twofold descriptive and exploratory approach. The descriptive part analyzes demographics and awareness and satisfaction levels as well as loyalty intentions based on frequency distribution, and percentage distribution tables. The exploratory part touches the issue of forces behind behaviors and barriers to digital services, plus claims documentation expectations.

For primary data collection, an 8-section structured survey was rolled out among N = 56 respondents (mainly from urban and semi-urban populations of Navi Mumbai/Mumbai) in the course of the 45-day internship at LIC Branch 91-P in Panvel. Secondary data was collected from IRDAI Annual Reports (2024–2025), LIC Financial Reports, published Prospectuses, and peer-reviewed financial marketing journals.

IV. DATA ANALYSIS AND EMPIRICAL RESULTS

4.1 Demographic Profile of Respondents (N = 56)

The demographic composition of the respondents contains 67.9% males (n = 38) along with 32.1% females (n = 18). The Sample includes a higher proportion of young or middle-aged group, including 37.5% (n = 21) in the age group of 21 –30, and 32.1% (n = 18) in the age group of 31–40 (aggregate features 69.6%); and few people beyond the age of 50 years (12.5%); under the age of 20 (8.9%); and aged 41–50 (8.9%). The education level of respondents shows a high proportion of 48.2% with post-graduation level of education (n = 27) and 42.9% holding professional education level (n = 24). In terms of occupational distribution 35.7% respondents (n = 20) are salaried employees, 25.0% (n = 14) of respondents are students, 19.6% (n = 11) are business owners, besides self-employed individuals 12.5% (n = 7), and retired 7.1% (n = 4). Half of the total respondents (51.8%) did not choose to answer about their monthly income, while the most frequently mentioned income bracket was □40,001–□60,000 (23.2%).4.2 Awareness, Acquisition Channels, and Purchase Motivations

Total brand recall occurred in which it was marked that 100.0% (n = 56) acknowledged knowledge of LIC. Of all the sample, policyholders make up 83.9% (n = 47) whereas former clients consist of 8.9% (n = 5) and non-clients encompass 7.1% (n = 4). When it comes to the brand discovery process, it is found that personal relationships play a crucial role as well, with family and friends share 46.4% (n = 26) and agents of LIC comprise 35.7% (n = 20), totaling 82.1% in the human network. In comparison, advertisements comprise only 14.3% whereas bancassurance/banks only take 3.6%.

When speaking about familiarity with the offered products (multiple response), it is stated that savings and investment plans hold the highest share of 80.4% (n = 45), being followed by classical life insurance plans (75.0%, n = 42), online premium payment (57.1%, n = 32), child insurance (48.2%, n = 27), pension/annuity plans (28.6%, n = 16) and policy servicing/claims (16.1%, n = 9). Main purchase motives prove that LIC is more likely seen as a wealth accumulation and retirement tool for the consumers of India rather than purely mortality coverage.

IJARSCT
International Journal of Advanced Research in Science, Communication and Technology
International Open-Access, Double-Blind, Peer-Reviewed, Refereed, Multidisciplinary Online Journal
ISSN: 2581-9429
Volume 6, Issue 5, November 2026
Impact Factor: 8.2

Primary Reason for Choosing LIC	Frequency (n)	Percentage (%)	Strategic Implication
Savings and Investment	15	26.8%	Strong association with guaranteed endowment/bonus accumulation.
Retirement Planning	13	23.2%	High trust in sovereign-backed long-horizon pension stability.
Tax Benefits (Sec 80C / 10(10D))	11	19.6%	Fiscal tax-shielding remains a core purchase catalyst.
Financial Security	11	19.6%	Capital safety outweighs aggressive market-linked returns.
Family Protection (Pure Risk)	5	8.9%	Low penetration of pure term protection messaging.
Other Reasons	1	1.8%	Ancillary loan collateral or legacy family habits.

4.3 Service Quality, Digital Experience, and the Neutrality Paradox

Cross-tabulating brand perception metrics against operational touchpoint evaluations exposes a striking divergence between institutional trust and experiential delight:

Evaluation Dimension	Positive (Satisfied / Good / Agree)	Neutral / Unsure	Negative (Dissatisfied / Poor / Disagree)
Brand Reputation & Trustworthiness	76.8% (n = 43)	21.4% (n = 12)	1.8% (n = 1)
Agent Behavior & Support	69.6% (n = 39)	25.0% (n = 14)	5.4% (n = 3)
Adequacy of Policy Information	66.1% (n = 37)	32.1% (n = 18)	1.8% (n = 1)
Premium Affordability	50.0% (n = 28)	41.1% (n = 23)	8.9% (n = 5)
Competitiveness vs. Private Insurers	48.2% (n = 27)	44.6% (n = 25)	7.1% (n = 4)
Suitability for Financial Needs	46.4% (n = 26)	41.1% (n = 23)	12.5% (n = 7)
Customer Service Satisfaction	44.6% (n = 25)	50.0% (n = 28)	5.4% (n = 3)
Ease of Policy Purchase	44.6% (n = 25)	48.2% (n = 27)	7.1% (n = 4)
Claim Settlement Satisfaction	44.6% (n = 25)	51.8% (n = 29)	3.6% (n = 2)
Online Service Convenience	35.7% (n = 20)	53.6% (n = 30)	3.6% (n = 2)
Overall Service Satisfaction	41.1% (n = 23)	48.2% (n = 27)	10.7% (n = 6)

IJARSCT
International Journal of Advanced Research in Science, Communication and Technology
International Open-Access, Double-Blind, Peer-Reviewed, Refereed, Multidisciplinary Online Journal
ISSN: 2581-9429 Volume 6, Issue 5, November 2026 Impact Factor: 8.2

Likelihood to Recommend LIC	75.0% (n = 42)	17.9% (n = 10)	7.1% (n = 4)
Intention to Continue Using LIC	71.4% (n = 40)	21.4% (n = 12)	1.8% (n = 1)

V. DISCUSSION OF KEY FINDINGS

1. Sovereign Trust vs. Yield & Product Fit: Though 76.8% give a favorable opinion about LIC's reputation, only 46.4% think policies are completely appropriate for meeting their financial needs, while only 12.5% disagree. Given that 69.6% of respondents fall under the age bracket of 21-40 years and 91.1% have postgraduate/professional degrees, traditional endowment policies with low yield will face scrutiny when compared with mutual funds as well as private term/ULIP schemes.

2. High Agency Dependency Creates a Digital Blind Spot: Although agents have a satisfaction rate of 69.6% and contribute to initial awareness at 35.7%, heavy reliance on traditional intermediaries leads to neglect of accountability among policyholders where self-service options are concerned; this may lead to 53.6% of them being lukewarm and 7.1% to be non-users of LIC's digital platforms despite their being young, qualified people.

3. Experiential Neutrality as a Latent Churn Risk: High level of neutrality in claims settlement (51.8%) partially represents policyholders who have not submitted a claim, yet high level of neutrality in customer service (50.0%), ease of purchase (48.2%), and general satisfaction level (48.2%) indicates signs of inactivity rather than willingness to promote the brand**.**

VI. STRATEGIC RECOMMENDATIONS

•Implement Project DIVE and Unified Super-App Architecture: Implement Project DIVE (Digital Innovation and Value Enhancement) to integrate disconnected applications such as LIC Customer, LIC Pay Direct and ANANDA into a single microservice-based Super-App providing e-KYC, biometrics authentication, claims tracking, as well as paperless policy loan and nominee modification services.

•Multichannel MarTech and Clear Disclosures: Implement automated journeys in WhatsApp, SMS and app for premium reminders and benefits illustrations. Launch interactive yield and coverage comparison tools to address the policy information adequacy neutrality of 32.1%.

•Phased Digital Upskilling of 1.3 million Agency ForceRequire certification via ANANDA (Atma Nirbhay Agents New Business Digital Application) platform for agents to shift from paper form-collectors to tech-enabled financial advisors capable of selling high-protection term insurance and hybrid products to millennials and Generation Z.

VII. CONCLUSION AND LIMITATIONS

LIC's unmatched guarantee from the government, an asset base of ₹57+ lakh crore, and commitment towards social upliftment hold LIC's position in Indian life insurance industry. However, the research confirms that the firms' reputation does not guarantee customer satisfaction in an era of digitalization. To ensure that regular policyholders of LIC turn into ardent supporters of the brand, the company has to make sure that the capabilities of human agents are combined with a digital process of self-service while carrying out Project DIVE. The main limitations of the research is that the sample is rather small (N = 56), it is focused on urban (or semi-urban) areas, and that the participants of the study might not remember the financial gains that they received from their investment; future research may include usage of longitudinal multi-regional samples (including rural and metro policyholders).

REFERENCES

1. Agarwal, P. (2023). Digitalization of financial services: Analyzing consumer transition in the Indian life insurance industry. Journal of Financial Services Marketing, 28(2), 89–101.

IJARSCT
International Journal of Advanced Research in Science, Communication and Technology
International Open-Access, Double-Blind, Peer-Reviewed, Refereed, Multidisciplinary Online Journal
ISSN: 2581-9429
Volume 6, Issue 5, November 2026
Impact Factor: 8.2

2. Annamalai, D. (2018). Customer satisfaction and customer awareness about services rendered by LIC. International Journal of Management Studies, 5(3), 44–52.
3. Insurance Regulatory and Development Authority of India (IRDAI). (2025). Annual Report 2024–2025. Hyderabad: IRDAI.
4. Kumar, S., & Singh, R. (2022). Consumer perception towards life insurance policies in India: A comparative study of public and private sectors. International Journal of Creative Research Thoughts (IJCRT), 10(4), 112–125.
5. Life Insurance Corporation of India (LIC). (2025). Annual Financial Reports & Corporate Disclosures (2024–2025). Mumbai: LIC India.
6. Mathew, A., & James, J. P. (2021). Perception of customers towards life insurance in Pollachi. Journal of Commerce and Management Research, 11(2), 18–27.
7. Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality. Journal of Retailing, 64(1), 12–40.