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Factors Influencing Public Perception of Life Insurance Corporation (LIC): A Study in Saswad, Pune

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Abstract: *Human life is a most precious asset and life insurance is one of the ways which provides financial protection to a person and his family at the time of any disaster. Life insurance provides both safety as well as protection to individuals and also boosts savings among people. Insurance companies play an important role in the welfare of human well-being by providing protection to millions of people against life risks such as uncertain death or accident. Insurance sector as a whole has contributed to the development of the economy through generation of employment opportunities, acceleration of industrial growth, etc. Although Life Insurance Companies has its own significance and place in the economy, it is not free from problems. The three main aspects with regard to the perception of customers towards life insurance are awareness level, service quality and satisfaction level of policy holders. This study tries to evaluate the perception of customers towards life insurance policies in respect of the services rendered by Life Insurance Companies.*

The study aims to investigate the perception of Life Insurance Corporation (LIC) among the people of Saswad, Pune. LIC is one of the leading life insurance companies in India, and its products are widely promoted as a means of financial security and long-term investment. However, the understanding and attitude of the public toward LIC can vary depending on various factors, including awareness, trust, and personal experiences. Present study explores the perception of the Life Insurance Corporation of India (LIC) among residents of Saswad, a semi-urban town in the Pune district. The study aims to understand awareness levels, trust, satisfaction, and decision-making factors influencing consumers' choices regarding LIC's insurance products. Data was collected through a structured questionnaire administered to 200 respondents(Located at Saswad pune) , employing descriptive research and statistical tools. This research helps to understanding the local community's views on Insurance and LIC.This research will also contribute to a better understanding of consumer behaviour and preferences in the life insurance .

Keywords: Insurance planning, LIC, Investment, perception

I. INTRODUCTION

From personal Finance point of view , Insurance plays vital role for Investment and risk protection. In today's competitive world, it becomes necessary for life insurers to provide customer satisfaction, spread more awareness, stress on need based innovative products and affordable price. This would help every individual to avail the benefits of insurance and protect their lives against future risks and uncertainties. Earlier life insurance was used as a tool to protect the income of families, particularly young families in income saving phase, in the event of the head of household's death. But now, life insurance is used for many other reasons, including wealth preservation and tax

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saving. Whether an individual need to have life insurance or not, merely depends on his need. Life insurance is an important form of insurance and essential for every individual. Life insurance penetration in India is very low as compare to developed nation where almost all the lives are covered and stage of saturation has been reached. LIC has maintained its monopoly in insurance sector from past many years but after the liberalisation many new insurance companies have entered this business. Majority of policy holders purchase the insurance policy for savings purpose. Present research limited to Saswad area in Pune to understand perception about LIC.

Goals for purchase of Insurance Policy for an Individual or Family:

- For borrowing Loans and Expenses Repayment
- Investment Options
- Helpline hand during Illnesses and Accidents
- For Tax Benefits
- Draw Loans Against Insurance (Collateral Security)
- Retirement plan
- Child Education

Types of life insurance policy

1. Term insurance policy
2. Endowment policy
3. Money-back policy
4. A whole life insurance plan
5. Unit-linked investment policy
6. Child insurance policy
7. Retirement policy
8. Pension policy

Objective of the study:

- To study the customer's perception towards life insurance policies
- To analyse the investing pattern of the policy holder and identify the various factors influencing while selecting a life insurance policy.

II. LITERATURE REVIEW

1. Sahu P; Jaiswal G and Pandey V (2009); conducted a survey on 150 respondents to determine the attributes affecting buying behaviour of consumers, investment pattern in life insurance services and compare the differences in consumer perception of male and female consumers. In their study they found that there 6 factors which affect the buying behaviour while purchasing life insurance policies namely consumer loyalty, service quality, ease of procedures, satisfaction level, company image and company client relationship. There is no difference between the perception of male and female preferences.
2. Kaur and Negi (2010); conducted their study in Chandigarh and by using factor analysis they found customised and timely service, brand USP, considerate employee, price immunity as major factors affecting the satisfaction of customers. They even found that maximum life covered under insurance are of male than female and satisfaction level among public and private sector insurance companies is same.
3. Arul Suresh (2011) suggested that the success of the life insurance business depends on the awareness of the policyholders about the products and satisfaction of the policyholders regarding the service rendered by LIC of India. Life insurance being a service sector is no exception to this principle. The basics of Customer Relations Management (CRM) include a business strategy that focuses on developing and retaining the relationships existing between customer and organization. CRM also provides the customer with a much-needed avenue to find expression for his problems, ideas and suggestions. Hundreds of sales leads are lost yearly as disinterested

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employees pay slack attention to customer suggestions. A venue is required for these suggestions. This is supplied by CRM implementation.

4. Sandhu H; Bala N (2011); the sample was taken of 450 respondents from different work places of 3 cities Jalandhar, Ludhiana and Amritsar but out of 450 samples 337 respondents filled the questionnaire in all aspects. They conducted a study in three cities of Punjab to find out factors affecting service quality of LIC. They used the factor analysis technique and consequently found 7 factors composed of proficiency, media and presentations, physical and ethical excellence, service delivery process and purpose, security and dynamic operation, credibility and functionality. Along with these factors managerial implication like performance of agents also affect customer satisfaction.
5. Babitayadav; Anshujatiwari (2012) present exploratory and descriptive based study was selected with an objective to identify those factors which influence customers policy buying decision and also analyse the preferences of customers while life policy investment decision-making. Various insurance related factors have been discussed in the paper. The data for the study has been collected from both primary and secondary sources. The study area is limited to Jabalpur district, of Madhya Pradesh and sample size is 150 policyholders of LIC and different private life insurers have been selected through a stratified and purposive sampling method.
6. Jain V; Saini B (2012); in their article has highlighted the role of IRDA for life in insurance industry in India and has concluded that social, cultural, political, personal, psychological and demographic factors influence the consumer behaviour. This study reveals that the demographical factor has the major impact on the purchasing decision of consumer. The leadership does not lie in getting the maximum number of policies sold but in understanding the demography of the customer and targeting them in their way. Finally, being they considered the success of insurance marketing dependant on understanding the social and cultural needs of the target population.
7. Dr. Ruchi Jain (2018) study examines the LIC aims to investigate policyholder's perceptions and satisfaction towards numerous services offered to the general public in the country. The sample constituted of 150 respondents from Jaipur city The study is targeted on Policyholders residing in Jaipur city.
8. Maya Kannan (2018) this study is to know the consumer satisfaction towards LIC. This study is based on primary data which is collected through questionnaire among 150 policyholders in Chennai. To identify the factors responsible for consumer satisfaction towards LIC.
9. Anjali Mathew; Justin P James (2021) The main aspects with regard to the perception of customers towards life insurance are awareness level, service quality and satisfaction level of policy holders. The study tries to evaluate the perception of customers towards life insurance products in respect of the services rendered to them by LIC and the study was restricted to Mavelikara Taluk. this study identifies life insurance products as an ample source of investment and opportunity for the common public for boosting up their threshold for money saving habit.
10. Dr.T.Unnamalai, V. Rajinikanth (2021) this research is to determine customer satisfaction with LIC. This research is based on primary data collected via a questionnaire from 150 policyholders in Kumbakonam, and the data was analysed using percentages and the chi-square test to determine the factors that influence customer satisfaction with LIC. This study shows at how consumers feel towards life insurance companies. Since people are becoming more aware of their own mortality and the insurance industry is becoming more competitive, it is important for insurance providers to consider their customers' needs.

Research Methodology:

- **Research Design**: Descriptive and analytical research design.
- **Sample Size:** study 200 policy holders from Saswad Pune on random Basis.
- **Sampling Method:** Convenience sampling

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- **Location:** The research was conducted in Saswad, Pune
- **Data Collection Method:**
- **Primary data:** Structured questionnaire (Likert scale, multiple choice, demographic questions).
- **Secondary data:** Journals, research papers, books and websites etc.
- **Statistical Tools Used:** Descriptive Statistics

III. FINDINGS AND OBSERVATIONS

Age wise distribution of data

Age	No. of. respondents	percentage
Below 25	114	57%
25-35	62	31%
36-45	15	7.5%
46-60	9	4.5%

Table no.1 Source: Primary Data

B. INCOME WISE DISTRIBUTION OF THE RESPONDENTS

ANNUAL INCOME	NO. OF. RESPONDENTS	PERCENTAGE
BELOW 100,000	87	43.5%
1,50,000-3,00,000	24	12%
3,00,000-5,00,000	56	28%
5,00,000-10,00,000	28	14%
ABOVE 10,00,000	5	2.5%
TOTAL	200	100%

TABLE NO.2 SOURCE: PRIMARY DATA

People perception about trust in LIC. Below table shows reasons for trust in LIC:

LIC Trust	No. of. respondents	percentage
Government-Backed Security	129	64.5%
Long history in India	56	28%
Good claim settlement record	45	22.5%
Poor Customer service	17	8.5%
Private companies are better	13	6.5%

Table no.3 Source: Primary Data

People perception about investment in LIC. Below table shows reasons for investment in LIC:

First Learn	No. of. respondents	percentage
Safety & trust	106	53%
Good returns	34	17%
Tax benefits	44	22%
Recommendation by an Agent/ family	12	6%
Don't have any Policy	1	0.5%
Other	3	1.5%
Total	200	100%

Table no.4 Source: Primary Data

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Factor affecting on investment decision about Insurance :

Important Factor	No. of. respondents	percentage
Brand trust	58	29%
Premium affordability	25	12.5%
Claim settlement ratio	29	14.5%
Customer service	16	8%
Return on investmen	72	36%
Total	200	100%

Table no.5 Source: Primary Data

Consumer expectations or Improvements areas for LIC :

Improvements LIC	No. of. respondents	percentage
Better customer support	85	42.5%
Lower premiums	51	25.5%
More online services	36	18%
Faster claim settlements	44	22%
Better investment returns	82	41%
Others	5	2.5%

Source: Primary Data

Findings:

It has been observed that predominantly young demographic among the respondents. A significant majority, 57% of respondents (114 individuals), are below 25 years old, while 31% (62 respondents) fall within the 25-35 years age range. The representation decreases in older age groups, with 7.5% (15 respondents) in the 36-45 years range and 4.5% (9 respondents) in the 46-60 years range. This age distribution suggests that the survey primarily captures the perspectives and opinions of a younger demographic, which may have implications for the generalizability of the findings to older populations.

The data of 200 respondents indicates that a significant portion of participants have annual incomes below ₹100,000 (43.5%), with decreasing representation in higher income brackets: 12% earn between ₹150,000-₹300,000, 28% between ₹300,000-₹500,000, 14% between ₹500,000-₹1,000,000, and only 2.5% earn above ₹1,000,000. This distribution highlights a concentration of lower-income individuals within the sample.

The study highlights key factors influencing respondents' perceptions of LIC's reputation. Government-backed security emerged as the top reason, with 64.5% of respondents (129 individuals) citing this factor. LIC's long history in India was also a significant factor, with 28% of respondents (56 individuals) mentioning it. A good claim settlement record was cited by 22.5% of respondents (45 individuals). In contrast, poor customer service was a concern for 8.5% of respondents (17 individuals), while 6.5% (13 respondents) expressed a preference for private companies. These findings suggest that LIC's government backing and long history are major strengths, while customer service is an area for improvement. By leveraging its strengths and addressing weaknesses, lic can maintain its reputation and attract new customers**.**

The survey reveals that safety and trust are the primary motivators for life insurance purchases, with 53% of respondents (106 individuals) citing these factors as their top consideration. Tax benefits and potential returns are also significant drivers, with 22% (44 respondents) and 17% (34 respondents) of the vote, respectively. Recommendations from agents or family members play a relatively minor role, influencing only 6% (12 respondents) of the decisions. A small percentage of respondents (1.5%, 3 individuals) cited other reasons, and a negligible 0.5% (1 respondent) reported not having any policy. These findings are consistent with broader research, which suggests that security, tax advantages, and return on investment are key factors influencing life insurance purchasing decisions. By prioritizing

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these factors, insurers can tailor their products and marketing strategies to meet the needs and concerns of potential policyholders.

Aspect	Key Findings	Implications/Insights
Reason for Choosing LIC	Trust, government backing, better returns, long-term benefits, reliability.	Indicates LIC's strong brand perception and perceived reliability.
Satisfaction Level	Most respondents are satisfied or highly satisfied.	Demonstrates effective service delivery and customer retention.
Premium Payment Method	Mixed usage of online and offline modes.	Suggests growing digital adoption but reliance on traditional methods persists.
Policy Knowledge & Agent Involvement	Many respondents mentioned agents assisted in understanding policies.	Highlights the importance of human interaction in policy purchase decisions.
Claim Settlement Experience	Positive experiences with timely settlements.	Reinforces trust in LIC's claims process.
Suggestions for Improvement	Better customer service, easier online navigation.	Identifies areas for enhancing digital interface and service delivery.

IV. CONCLUSION

Human life is a most precious asset and life insurance is one of the ways which provides financial protection to a person and his family at the time of any disaster. Life insurance provides both safety as well as protection to individuals and also boosts savings among people. Insurance companies play an important role in the welfare of human well-being by providing protection to millions of people against life risks such as uncertain death or accident

Present study explores the perception of the Life Insurance Corporation of India (LIC) among residents of Saswad, a semi-urban town in the Pune district. The study aims to understand awareness levels, trust, satisfaction, and decision-making factors influencing consumers' choices regarding LIC's insurance products. Data was collected through a structured questionnaire administered to 200 respondents, employing descriptive research and statistical tools such as percentage analysis, chi-square tests, and correlation analysis. Key findings shows high trust in LIC due to its government backing, long-standing presence, and strong claim settlement reputation. Term insurance and money-back policies emerged as the most popular products. Return on investment, brand trust, and claim settlement ratios were found to be the most influential factors in policy selection. While satisfaction levels with LIC are generally high, areas like customer support and digital services require improvement.

After conducting the whole study, it has been concluded that 100%respondents are aware about life insurance policies and majority of respondents are satisfied with the services of their respective life insurers. Of those who are not satisfied with the services the major reason being the large amount of premiums. Customers are the real pillar of the success of life insurance business and thus it's important for insurers to keep their policyholders satisfied and retained as long as possible and also get new business out of it by offering need based innovative products. There are many factors which affect customer's investment decision in life insurance and from the study it has been concluded that demographic factors of the people play a major and pivotal role in deciding the purchase of life insurance policies.

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