

## A Study on Investors Perception Towards Lic (With Special Reference To Lic, Machilipatnam)

Dr.R.padmaja, Shifaly,

Asst., professor , ,P.G., Department of Management Studies, Krishna university . Machilipatnam  
Research scholar Krishna university, Machilipatnam.

Corresponding Author: Dr.R.padmaja

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**Abstract:** Human life is a most important asset and life insurance is the most important type of insurance which provides financial protection to a person and his family at the time of uncertain risks or damage. Life insurance provides both safety and protection to individuals and also encourages savings among people. Lic of India plays a vital role in the welfare of human well-being by providing insurance to millions of people against life risks such as uncertain death or accident. The present exploratory and descriptive based study was selected with an objective to identify the perception of investors towards Life Insurance Corporation of India while their 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 only to Machilipatnam and sample size is 76 policyholders of LIC. Researcher has taken based on demographic and insurance based preference factors and tested them with the help of percentages method. The analyzed data has been presented in the form of different graphs and pie-charts.

**Keywords:** Investors, perception, Lic, Life insurance policies

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### I. Introduction

An investor; an individual who commits money to investment products with the expectation of financial return. Generally, the primary concern of an investor is to minimize risk while maximizing return, as opposed to a speculator, who is willing to accept a higher level of risk in the hopes of collecting higher-than-average profits. Investors' behaviour is the study of how individuals make decision to spend their available resources (time, money and efforts) on investment related items. it helps the marketers to understand what, why, where, when and how an investor behaves with respect to products and services. Knowing answer to this question let marketers to design their marketing strategies accordingly.

**Perception;** A conscious or unconscious state of awareness or understanding of one's surroundings that exists within the mind and formed through sensory signals stimulated by current conditions, expectations and past memories. The confluence of complex sensory inputs often times creates a perception that is unreliable or unverifiable. In other words, it may not be based in reality.

### Investors Perception;

Investor Perceptions is a leading provider of authoritative and considered investor feedback. IP delivers an independent perspective into how shareholders and the key underweight institutions view a company, its management and its prospects. We analyse in depth the key factors that collectively define a company's investment proposition and ultimately determine the valuation the market places on the shares. An insightful perception study is an important and powerful management tool, both from a strategic planning and a corporate governance perspective. Being aware of the opinions and views of investors assists companies to improve their communication with the market and to ensure the investment proposition is properly understood and is reflected in the valuation of the shares, which in turn will influence its cost of capital.

### II. Literature Review

**Athma. P and kumar. R (2007)** in the research paper titled "an explorative study of life insurance purchase decision making: influence of product and non-product factors". The empirical based study conducted on 200 sample size comprising of both rural and urban market. The various product and non-product related factors have been identified and their impact on life insurance purchase decision-making has been analyzed. Based on the survey analysis; urban market is more influenced with product based factors like risk coverage, tax benefits, return etc. Whereas rural population is influenced with non-product related factors such as: credibility of agent,

company's reputation, trust, customer services. Company goodwill and money back guarantee attracts many people for life insurance. **Girish kumar and eldhose (2008)**, published in insurance chronicle icfai monthly magazine august 2008 in their paper titled "customer perception on life insurance services: a comparative study of public and private sectors", well explained the importance of quality services and its significance in raising customer satisfaction level. A comparative study of public and private sectors help in understanding the customer perception, satisfaction and awareness on various life insurance services. **Narayan. H. Jai (2009)**, in an article has made an emphasis on importance of customer in the business of insurance. He explained in phase of growing market competition, there is an intense need to go beyond mere efficiency in designing products. To understand the customer's needs and to convey what they have to offer would perhaps bring in higher efficiencies in customer service. Insurance business revolves around the customer and fair treatment to customers is need of an hour to win their loyalty and trust. In a service based organizations, customer service is the most dominating feature that differentiate and gives good return to the insurers. Proper dealing with customer complaints, effective customer grievances handling mechanism and fast claim settlement procedure are some of the ways through which satisfaction level of customers can be increased. Hence to serve the customers promptly and effectively is the key success of a life insurance business.

**Uma, Selvanayaki & Shankar (2011)** based their article titled 'A Survey of Life Insurance Customer's Awareness, Perception and Preferences' on the survey of 100 customers of life Insurance policies, carried out in Coimbatore. It throws light on various aspects related to customers' awareness, perception and preferences pertaining to life insurance. The primary objectives of this survey were to find preferences of customer's towards various life Insurance policies, factors influencing choice of life Insurance policy and awareness about life Insurance brands. **Tripathi (2009)** in his dissertation report on 'A comparative analysis of LIC and Private Insurance Companies' says that the main objective of the study is to compare the performance of LIC and private life insurance companies. The study was analytical and based on secondary data sources. Comparison between LIC and private insurers has been done on the basis of size, growth, productivity and grievances handling mechanism

**Need For The Study** ; The insurance industry is one of the fastest growing industries in the country and offers abundance growth opportunity to the life insurers. When compared with the developed foreign countries, the Indian life insurance industry has achieved only a little because of the lack of insurance awareness, ineffective marketing strategies, poor affordability and low investment in life insurance products. The study is basically intended to know the perception of the investors towards life insurance policies of LIC.

#### **Life Insurancecorporation Of India:**

The Life Insurance Corporation of India (LIC) is the largest life insurance company in India, and also the country's largest investor. it is fully owned by the Government of India. It also funds close to 24.6% of the Indian Government's expenses. It has assets estimated of Rs. 8 trillion (US\$ 178.4 billion). It was founded in 1956. Headquartered in Mumbai, which is considered the financial capital of India, the Life Insurance Corporation of India currently has 8 zonal Offices and 109 divisional offices located in different parts of India, at least 2048 branches located in different cities and towns of India along with 992 satellite Offices attached to about some 50 Branches, ; it also has 54 customer zones and 25 metro-area service hubs 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.

The Oriental Life Insurance Company, the first corporate entity in India offering life insurance coverage, was established in **Calcutta in 1818 by Bipin Behari Dasgupta** and others. Europeans in India were its primary target market, and it charged Indians heftier premiums. The Bombay Mutual Life Assurance Society, formed in 1870, was the first native insurance provider. Other insurance companies established in the pre-independence era included Bharat Insurance Company (1896),United India (1906),National Indian (1906),National Insurance (1906),Co-operative Assurance (1906),Hindustan Co-operatives (1907),Indian Mercantile, General Assurance, Swadeshi Life (later Bombay Life)

#### **Objectives of The Study**

1. To understand the perception levels of the investors towards the lic insurance polices.
2. To observe the impact of various perception factors on the purchasing behaviour of the investors
3. To measure the satisfaction levels of the investors towards to the services provided by the LIC

### **III. Research Methodology**

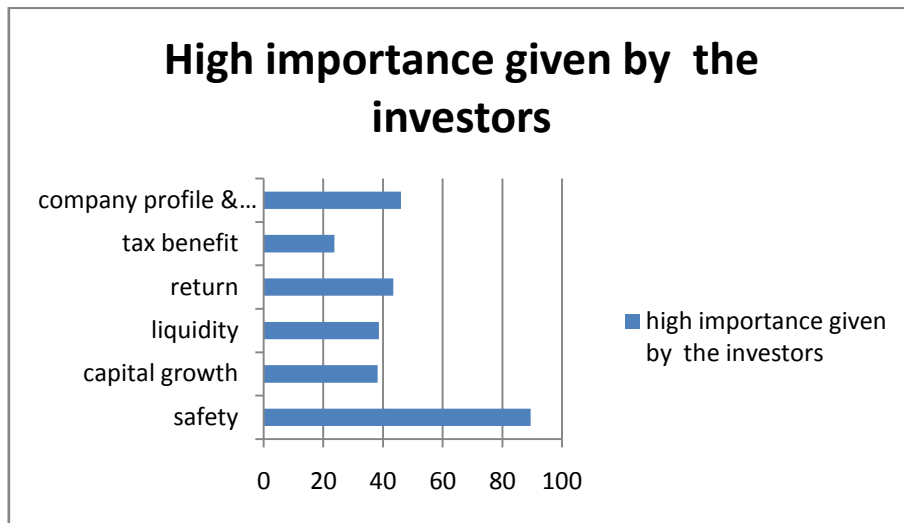
The present study is an exploratory and descriptive type of research study. The study aims to find out the perception levels of the investors while investing into life insurance policies of lic In order to conduct this study,

76 policyholders of machilipatnam area have been surveyed and questionnaire method was used for data collection.

**Sources Of Data** The data for the study has been collected from both primary and secondary sources. The primary data has been collected through a well-drafted interview schedule. The secondary data has been collected from the official website of the company, magazines and other insurance websites.

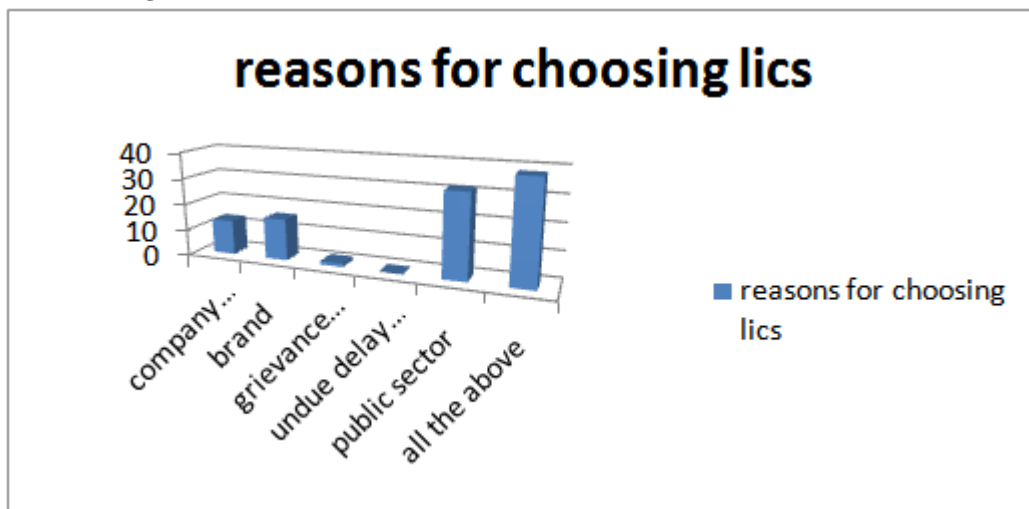
#### IV. Data Analysis

The data has been analysed from the collected questionnaires. Attributes are used to find out the investors perception towards investing in lic. The parameters are used to find out the expectations of the investors. The satisfaction levels of investors are measured through the services offered by lic. From the analysis it is observed that the investors are having the positive perception towards lic. The following graphs will indicate the percentages of the findings of the study.



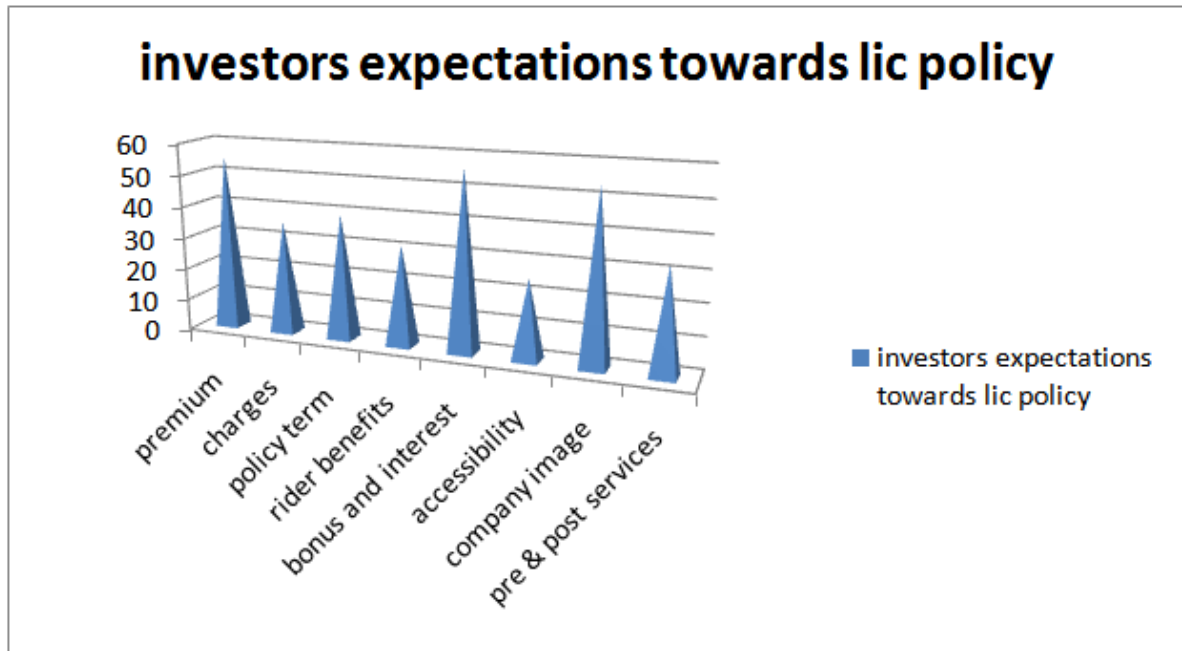
From the above graph we can understand that how investor has given high importance to different attributes while they are investing in lic. 89% of the investors has concentrated on the safety for their investment and only 24% of investors are concentrated on tax benefits.38% of the investors has chosen based on capital growth, 31% based on liquidity and 43% has concentrated on return they are going to get by investment.

#### Reasons for insuring with LIC



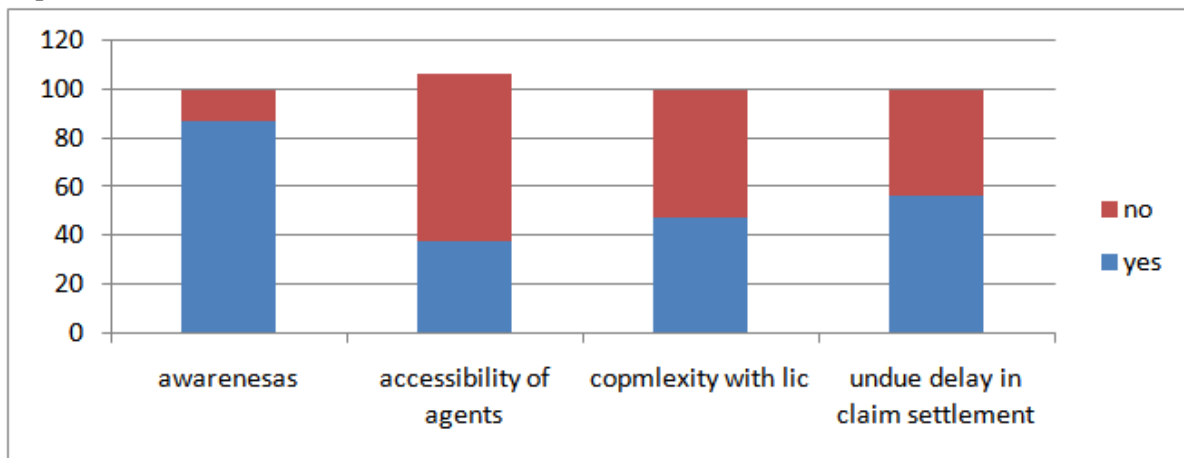
It is observed from the above graph that the investors has chosen lic because of different reasons such as brand, company profile, grievance handling, undue delay in claims, public sector. Among all these choices investors has chosen lic as its a public sector for security purpose.

**Parameters**

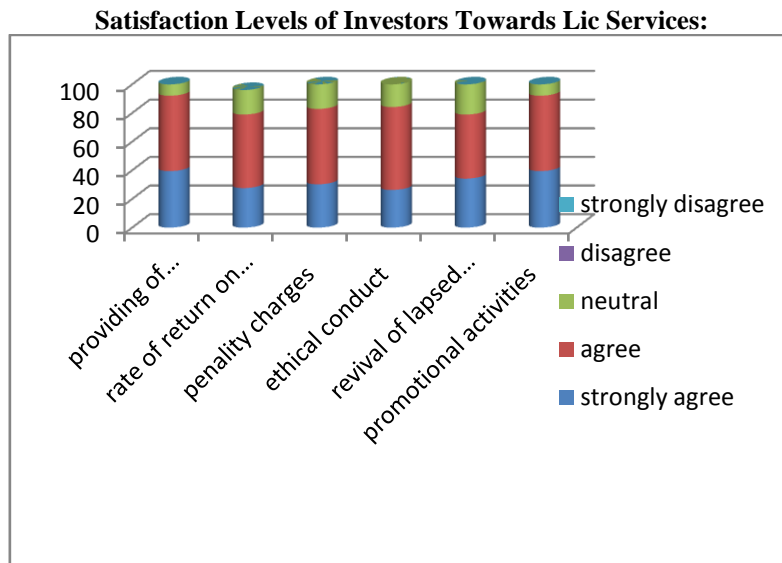


From the research it is observed that investors has some of the expectations by investing in lic such as premium, charges, policy terms, rider benefits, bonus and interest, accessibility, company image and pre & post services. Among all these parameters the investors has given their preference to premium , bonus & interest and company image.

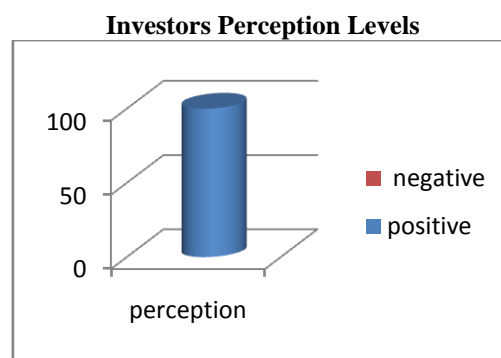
**Response of Investors**



From the research we can find out the response of investors regarding awareness, accessibility, complexity and undue delay in claim settlement.87% of the investors are having awareness regarding lic and its policies, 38% of the investors are having greater accessibility with lic through agents, 46% of investors have stated that they are having little complexity with lic, 56% of investors has stated that there is an undue delay in claim settlement.



It has been observed from the research that the investors are satisfied with the services provided by lic. 52% of the investors agree that they are satisfied with the information provided by lic, 51% agree that they are satisfied with the return they are going to get, 52% are satisfied with the penalty charged by lic, 57% of investors agree that lic is following the ethical conduct, 44% of investors agree that timely revival is followed by lic for providing information, 52% agree that they are satisfied with the promotional activities.



It has been observed that investors are having 100% of positive perception towards lic.

**Major Findings of The Study**

1. Most of the respondents have chosen long term policies
2. Nearly half of the respondents require more security and the remaining respondent requires more benefits in the coming lic policies.
3. The rank of preference for other alternatives given by investors a part from lic are ---bank deposits, gold & silver, real estate, mutual funds, post office, public provident fund, share & debentures.
4. The investors has shown more interest on investing of schemes such as money back policy, pension funds and whole life policy
5. Most of the Investors have selected the periodicity of policy ranging from 15-25 years.
6. 49% of investors are fully satisfied and 47% of investors are partially satisfied with the grievance redressal mechanism.
7. 52% of the respondents have agreed that lic policies/plans are superior to and more attractive than other private insurance companies as it is a public sector
8. It's the finding from the research that if the investors want to go for investment again they are willing to purchase another policy of lic because they are 100% having the perception towards Lic.

**V. Conclusion**

On the basis of the above analysis we can conclude that individual investors see the above Mentioned attributes and parameters in a priority list for buying any life insurance policy and the most influential factor is

Service benefits which include prompt services, security and safety and extra added benefits. The investors are having positive perception towards lic policies and even they are willing to take another policy for investment.

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