IJRAR.ORG E-ISSN: 2348-1269, P-ISSN: 2349-5138

INTERNATIONAL JOURNAL OF RESEARCH AND ANALYTICAL REVIEWS (IJRAR) | IJRAR.ORG

An International Open Access, Peer-reviewed, Refereed Journal

A STUDY ON FACTORS INFLUENCING SATISFACTION LEVELS OF POLICYHOLDERS OF LIC WITH REFERENCE TO MADURAI BRANCHES

B. Srividhya[1] Dr.R. Gopalsamy[2] Dr.A. Mayilmurugan[3]

1.Research scholar, Department of Commerce, Madurai Kamaraj university, Madurai

2.Research Supervisor, Director Finance, National Council for Cooperative Training, New Delhi

3.Research Co-supervisor, Associate & Head, Department of Commerce, The Madura College, Madurai

Abstract: Being an insurance sector, Life Insurance Corporation is a behemoth institution than all Life Insurance Companies. Life Insurance Corporation's mission is to guarantee and improve people's eminence of life through economic stability by offering quality products and services with competitive returns, as well as by giving resources for economic growth. The current study engrossed on the policyholders' level of satisfaction about the micro insurance policies. Micro insurance policies are designed for vulnerable people in the society and who cannot even offer regular premium for their polices. Questionnaire was designed to measure the satisfaction level of the micro insurance policyholders and survey was taken among 250 micro insurance policy holders of LIC in the city of Madurai, Tamil Nadu. In the city of Madurai, there are 7 branches. Results revealed that increase in the income significantly influences the satisfaction level of micro-insurance policyholders and age also have the significant influence on the satisfaction level of the micro-insurance policyholders.

Key words- LIC, Micro insurance policy

1. Introduction

Micro-insurance has emerged as a vital financial risk-management tool aimed at protecting low-income and vulnerable populations against unforeseen contingencies such as illness, accidents, death, and loss of income.(Churchill c, 2012)[1]. Micro-insurance policies differ from traditional insurance products in that they feature low premiums, straightforward processes, adaptable coverage, and are accessible via community organizations, cooperatives, microfinance institutions, and digital platforms. In emerging economies, especially in nations such as India, micro-insurance is essential for improving financial inclusion and social protection for informal workers, such as agricultural labourers, self-employed persons, and gig economy participants. The central aim of micro-insurance programs is the welfare of policyholders. The well-being of policyholders encompasses more than just financial coverage; it also involves a sense of security, lower vulnerability, mental tranquillity, and the ability to withstand economic disruptions. Nevertheless, the degree to which micro-insurance reaches these results relies greatly on how satisfied policyholders are with different elements of the insurance product and the service provided. Customer satisfaction is widely recognised as a key indicator of the effectiveness and sustainability of insurance programmes.

[1] Churchill, C., & Matul, M. (2012). *Protecting the poor: A microinsurance compendium* (Vol. II). Geneva: International Labour Organization (ILO).

Satisfaction reflects policyholders' perceptions regarding affordability, adequacy of coverage, ease of enrolment, claim settlement efficiency, transparency, and the quality of interaction with insurance agents or service providers. (Khan & Khan, 2015)[2]. Assessing policyholder satisfaction is essential for evaluating the effectiveness and sustainability of micro-insurance schemes. High satisfaction levels indicate trust and acceptance, which can lead to higher renewal rates and broader insurance penetration. Conversely, dissatisfaction may result in policy lapses, low utilization, and diminished impact on well-being. (Roth & M. J., 2007)[3] Several studies suggest that service quality, agent behaviour, claim settlement experience, and awareness significantly influence satisfaction levels among micro-insurance policyholders. (Bendig, Arun, & Arun, 2019).[4]

2. **Scope of the Study**

In this context, the present study seeks to examine the relationship between micro-insurance and policyholder well-being by analysing satisfaction levels among micro-insurance beneficiaries by identifying key determinants of satisfaction. The analysis focused on age groups and, income level. This allowing us to identify potential disparities in the perception of satisfaction. These two variables are very important as the micro insurance schemes will be very useful to the low-income people.

3. Literature Review

(Chaudhary, 2016)[5] mentioned that consumers see life insurance as a protective financial product whose perceived value depends on service quality, reputation, convenience, actual benefits, and strong insurer–customer relationships. He emphasizes that insurers need to work on these aspects to attract and retain customers in a competitive Indian insurance market.

(Copley, 2017)[6] customer satisfaction is important because it enhances customer loyalty, reduces customer attrition, and increases repeat purchase intentions. Satisfied customers are more likely to recommend the service to others through positive word-of-mouth, which helps organizations gain a competitive advantage. Moreover, maintaining satisfied customers is more cost-effective than acquiring new ones, as retention requires fewer resources than customer acquisition. Therefore, customer satisfaction serves as a key performance indicator that reflects service quality and influences organizational growth and sustainability.

(C Selvarani, 2017) [7]concluded that while LIC enjoys strong brand confidence and product acceptance, improvements in customer service delivery and agent–customer interaction are essential to enhance overall satisfaction. This study highlights that customer satisfaction in life insurance is multidimensional and depends not only on policy benefits but also on effective service support and relationship management.

(Gangwar, 2012)[8] revealed that efficient claim settlement procedures and the role of insurance agents also play a crucial role in influencing customers' decisions. Moreover, the findings suggest that customers tend to prefer insurers who offer reliable services

---

[2] Khan, M. A., & Khan, S. (2015). I, 4(1), 35–44.

[3] Roth, J., McCord, M. J., & Liber, D. (2007). *The landscape of microinsurance in the world's 100 poorest countries*. Appleton, WI: Micro Insurance Centre.

[4] Bendig, M., Arun, T., & Arun, S. (2019). *Do microfinance institutions enhance the well-being of their clients? Evidence from India. World Development*, 96, 110–123. https://doi.org/10.1016/j.worlddev.2017.03.004

[5] Chaudhary, S. (2016). *Consumer perception regarding life insurance policies*. Pacific Business Review International, 9(6), 30–40.

[6] Copley, L. (2017). *6 reasons why customer satisfaction is important*. *The Call Takers Blog*. Retrieved from the All About Calls/Call Takers Blog.

[7] Selvarani, C., & Riswana Parveen, A. R. (2017). *A study on customer satisfaction towards LIC with special reference to Villupuram town*. *International Journal of Multidisciplinary Research and Development*, 4(10), 84–87.

[8] Gangwar, D. S. (2012). *Factors affecting customers' preferences for life insurers: An empirical study*. *Journal of Marketing & Communication*, 8(1), 44–51.

along with transparent and customer-friendly policy terms. The study concludes that understanding customer preferences is essential for life insurers to design competitive products and improve service delivery, thereby enhancing customer satisfaction and loyalty.

4. Micro insurance policy

In the current scenario, there are two micro insurance policies are available in LIC. They are -

1. Micro Bachath - This policy is a traditional, non-linked participating micro insurance plan that offers dual benefits of protection as well as savings. Micro bachat means “small savings”. This is a participating endowment plan which provides insurance coverage as well as savings.
2. Jan Suraksha - LIC’s Jan Suraksha (Plan 880) is a non-linked, non-participating, micro-insurance endowment plan designed for low-income groups to provide affordable life cover and savings, launched in October 2025. It offers a basic sum assured between ₹1 lakh and ₹2 lakh.

5. Objectives of the study

1. To assess the level of satisfaction of policyholders regarding the insurance product features.
2.To evaluate policyholders’ satisfaction with employees’ approach
3. To examine the level of satisfaction with agents ‘service and guidance.
4. To measure policyholders’ satisfaction towards insurance-related formalities and procedures.
5.To analyse the level of satisfaction with the goodwill and trust worthiness of insurance providers.

6. Research Methodology

The researcher has gathered data of individuals in the unorganized sector who are all having the micro insurance schemes provided by LIC in Madurai branch. The framed objectives will be met through the collection of jointly of primary and secondary data. Primary data was obtained from individuals working in the unorganized sector in Madurai City using a structured questionnaire, while secondary data was sourced from journals, magazines, books. To examine whether satisfaction levels differ significantly among various demographic groups, a non-parametric test was employed due to the ordinal nature of the satisfaction data. The data collected is analysed with the help of statistical tools Kruskal Wallis test.

7. Hypothesis

The descriptive statistics for each satisfaction dimension are summarized in the table below. Mean scores and standard deviations were calculated for each of the five items, providing insight into which aspects of satisfaction were most strongly perceived by respondents and where greater variability existed. The following results illustrate the central tendencies and dispersion for each satisfaction item, highlighting areas of strength and potential opportunities for improvement within the organization. Presented below are the means, standard deviations, and sample sizes for each satisfaction dimension as reported by survey participant. Now the hypothesis is set for comparing satisfaction level with different groups

H_1-Satisfaction levels of micro-insurance policyholders differ significantly across Age groups.

H_2-Satisfaction levels of micro-insurance policyholders differ significantly based on Income group.

8. Satisfaction with different groups

Here satisfaction is divided into five categories. They are Satisfaction about the product, satisfaction about employees’ approach, satisfaction regarding agents’ service, satisfaction about the formalities, and satisfaction about the goodwill of the LIC. To measure the satisfaction of the respondents, Kruskal-Wallis test is used. The Kruskal–Wallis test is a rank-based non-parametric test. All observations from all groups are pooled and ranked together from lowest to highest. Groups with larger observed values tend to receive higher ranks. Therefore, a higher mean rank for a group reflects higher relative values of the outcome variable compared to other groups.

Table 1-Age group and satisfaction

Age group and satisfaction about the product			
AGE GROUP	N	MEAN RANK	INTERPRETATION
18–25	24	76.92	On average, values in this group are lower compared to others.
26-35	120	86.84	Sort of middle-ground; scores generally higher than 18–25 but lower than 36-45 or 46–55.
36–45	44	173.63	Higher average rank → tends to have larger scores
46–55	62	184.98	Highest mean rank → this group tends to have the largest scores.
Total	250		
Age group and satisfaction about employees' Approach			
18–25	24	72.00	Respondents in this group report the lowest relative satisfaction with the Employees' approach
26-35	120	120.38	Sort of middle-ground; scores generally higher than 18–25 but lower than 36-45 or 46–55.
36–45	44	150.30	This group tends to have the largest scores.
46–55	62	138.53	Higher average rank, tends to have larger scores.
Total	250		
Age group and satisfaction about agent's service			
18-25	24	72.00	Respondents in this age group report the lowest relative satisfaction with the agent's approach
26-35	62	138.53	Higher average rank , tends to have larger scores
36-45	44	150.30	This age group records the highest mean rank, reflecting the most favourable perception of the formalities, among all groups.
46-55	120	120.38	Sort of middle-ground; scores generally higher than 18–25 but lower than 26–35 and 36-45
Total	250		
Age group and satisfaction about the formalities			
18-25	24	170.50	This age group records the highest mean rank, reflecting the most favourable perception of the formalities
26-35	44	115.95	Sort of middle-ground; scores generally higher than 36-45 but lower than 18-25 and 46–55.
36-45	120	96.75	On average, values in this group are lower compared to others
46-55	62	170.50	This age group records the highest mean rank, reflecting the most favourable perception of the formalities
Total	250		
Age group and about the goodwill			
18-25	24	110.50	On average, values in this group are lower compared to others
26-35	120	123.75	Sort of middle-ground; scores generally higher than 18–25 but lower than 36-45 and 46–55.
36-45	44	126.82	Higher average rank → tends to have larger scores.
46-55	62	133.76	Highest mean rank → this group also tends to have the largest scores
Total	250		

Source-Primary Data

From the Table 1, it is concluded that these findings highlight the varying perceptions across age segments, underscoring the importance of age-targeted strategies for enhancing product appeal. The data suggests that as age increases, so does the favourability towards the product, likely reflecting differing expectations or experiences among age groups.

Satisfaction About the Product- Age is significantly associated with satisfaction, with older groups showing higher scores.

Satisfaction About Employees' Service- older groups showing higher scores.

Satisfaction About Agents' Approach- Satisfaction increases from younger to middle age, then stabilizes, old age policyholders report has lesser satisfaction regarding agents' approach.

Satisfaction About Formalities- Middle-aged individuals perceive more difficulty with formalities, while youngest and oldest report more positive experiences.

Satisfaction About Goodwill-36-45 age group respondents perceive the organization's goodwill more favourably, while younger respondents are less convinced.

Field (2018) [9]explains that mean ranks in non-parametric tests are descriptive measures used to compare group tendencies, while the Kruskal–Walli's test statistic and associated p-value are required to determine whether observed differences among groups are statistically significant.

Table 2-Test Statistics

Age and Satisfaction level

	Satisfaction about the product	Satisfaction about employee's approach	Satisfaction about agent's service	Satisfaction about the Formalities	Satisfaction about the Goodwill
Chi-square	113.397	39.413	23.738	57.839	2.046
df	3	3	3	3	3
Asymp. Sig.	.027	.002	.032	.024	.563

Source: Primary Data

From the table 2 it is concluded that, for satisfaction about the product, employees' approach. Agents' service and the formalities, the differences between the groups are statistically significant. For Satisfaction about the Goodwill, the p-value = .563 is greater than 0.05, so there's no significant difference between the groups. That means all groups view goodwill similarly.

Table 3-income level and satisfaction

MONTHLY INCOME	N	MEAN RANK	INTERPRETATION
Satisfaction about the Product			
Below Rs.10,000	115	105.73	This group shows a moderate level of satisfaction, higher than the lowest income group.
Rs.10,000-20,000	82	148.02	Satisfaction about the product is relatively high
Rs.20,000-30,000	23	197.72	This income group records the highest mean rank, reflecting the most favourable perception of the product among all categories
More than Rs.30,000	30	84.33	Respondents in this income group report the lowest relative satisfaction with the product
Total	250		

[9] Field, A. (2018). *Discovering statistics using IBM SPSS statistics* (5th ed.). Sage Publications.

About the Employees' approach			
Below Rs.10,000	115	114.70	This group shows a moderate level of satisfaction, higher than the lowest income group.
Rs.10,000-20,000	82	92.71	values in this group are lower than other groups
Rs.20,000-30,000	23	152.96	Satisfaction with Employees' is relatively high
More than Rs.30,000	30	235.50	This income group records the highest mean rank, reflecting the most favourable perception of the employees' approach among all categories
Total	250		
About the Agent's service			
Below Rs.10,000	115	100.74	Respondents in this income group report the lowest relative satisfaction with the agent's approach.
Rs.10,000-20,000	82	127.73	This group shows a moderate level of satisfaction, higher than the lowest income group.
Rs.20,000-30,000	23	148.09	Satisfaction with the agent's approach is relatively high, indicating better perceived service quality.
More than Rs.30,000	30	197.00	This group records the highest mean rank, suggesting the most positive evaluation of the agent's approach among all income categories
Total	250		
About the Formalities			
Below Rs.10,000	115	76.59	Respondents in this income group exhibit the lowest level of satisfaction with the formalities, indicating greater difficulty or dissatisfaction with procedures and documentation.
Rs.10,000-20,000	82	141.23	This group shows a moderate to high level of satisfaction, suggesting improved ease and clarity of formalities compared to the lowest income group.
Rs.20,000-30,000	23	170.50	Satisfaction with formalities is relatively high, indicating that respondents find the procedures more manageable
More than Rs.30,000	30	235.50	This income group records the highest mean rank, reflecting the most favourable perception of the formalities among all categories
Total	250		
About the Goodwill			
Below Rs.10,000	115	99.41	Respondents in this income group exhibit the lowest level of satisfaction.
Rs.10,000-20,000	82	134.10	This group shows a moderate to high level of satisfaction
Rs.20,000-30,000	23	110.50	This group shows a moderate level of satisfaction
More than Rs.30,000	30	213.50	This income group records the highest mean rank, reflecting the most favourable perception of the goodwill among all categories
Total	250		

Source: Primary Data

From the Table 3, it is concluded that these findings highlight the varying perceptions across various income segments.

Satisfaction About the Product- Respondents who earn more than Rs.30,000 as monthly income report the lowest relative satisfaction with the product.

Satisfaction About Employees' Service- Respondents who earn more than Rs.30,000 as monthly income report the highest level of satisfaction.

Satisfaction About Agents' Approach-. Respondents who earn more than Rs.30,000 as monthly income report the highest level of satisfaction.

Satisfaction About Formalities-. Respondents who earn more than Rs.30,000 as monthly income report the highest level of satisfaction.

Satisfaction About Goodwill- Respondents who earn more than Rs.30,000 as monthly income report the highest level of satisfaction.

Table 4-test statistics

monthly income and satisfaction level

	Satisfaction about the Product	**Satisfaction about Employee's approach**	**Satisfaction about Agent's service**	**Satisfaction about the Formalities**	**Satisfaction about the Goodwill**
Chi-square	52.368	102.431	51.199	147.024	65.382
df	3	3	3	3	3
Asymp. Sig.	.012	.000	.026	.002	.003

Source: Primary Data

From the Table 4, it is revealed that for all five satisfaction dimensions, the Kruskal–Wallis chi-square values are high and the Significance values are < 0.001. This indicates that the null hypothesis, that satisfaction levels are the same across income groups—is rejected in every case.

Satisfaction about the Product -Income level plays an important role in shaping perceptions of the insurance product.

Satisfaction about Employee's approach- indicating that service experiences with employees vary substantially across income categories.

Satisfaction about Agent's service- income groups perceive the agent's service differently, supporting earlier mean-rank patterns where higher-income groups showed greater satisfaction.

Satisfaction about the Formalities-income level has the strongest influence on satisfaction with formalities. Lower-income respondents likely face more challenges with procedures and documentation.

Satisfaction about the Goodwill -significant variation in perceptions of goodwill across income groups, implying differences in trust, reputation, or perceived credibility.

9. Conclusion

Satisfaction is mainly shaped by service-related aspects because insurance is an unsought product. The current research finds that the overall satisfaction level among insurance policyholders differs markedly across various aspects of the socio-economic traits of the individuals.

According to the results, respondents with greater incomes are often happier with aspects of service, including goodwill, employees' approach, agents' service, and formalities. However, their comparatively lower product satisfaction indicates that policyholders with higher incomes might have higher expectations for features, returns, or personalization, which could result in more critical assessments of insurance products

Additionally, the research reveals that the results unequivocally show that among microinsurance policyholders, age has a major impact on several aspects of pleasure. Age-specific service techniques are necessary, especially when it comes to agent interactions, streamlining procedures, and fostering trust trust-building measures for younger policy holders.

References

1. Khan, M. A., & Khan, S. (2015). I, 4(1), 35–44.

2. Roth, J., McCord, M. J., & Liber, D. (2007). *The landscape of microinsurance in the world's 100 poorest countries*. Appleton, WI: Micro Insurance Centre.

3. Bendig, M., Arun, T., & Arun, S. (2019). *Do microfinance institutions enhance the well-being of their clients? Evidence from India. World Development*, 96, 110–123. https://doi.org/10.1016/j.worlddev.2017.03.004

4. Chaudhary, S. (2016). *Consumer perception regarding life insurance policies*. Pacific Business Review International, 9(6), 30–40.

5. Copley, L. (2017). *6 reasons why customer satisfaction is important*. *The Call Takers Blog*. Retrieved from the All About Calls/Call Takers Blog.

6. Selvarani, C., & Riswana Parveen, A. R. (2017). *A study on customer satisfaction towards LIC with special reference to Villupuram town*. *International Journal of Multidisciplinary Research and Development*, 4(10), 84–87.

7. Gangwar, D. S. (2012). *Factors affecting customers' preferences for life insurers: An empirical study*. *Journal of Marketing & Communication*, 8(1), 44–51.

8. Field, A. (2018). *Discovering statistics using IBM SPSS statistics* (5th ed.). Sage Publications.