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Evaluating The Performance And Market Dynamics Of India's Insurance Sector: A Case Study Of Life Insurance Corporation In Hassan District, Karnataka

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Abstract: The Indian insurance sector is experiencing significant transformation driven by regulatory reforms, technological advancements, and evolving consumer preferences. Despite market liberalization and increased competition from private insurers, Life Insurance Corporation of India (LIC) continues to hold a dominant market share of over 61% in the life insurance segment (IRDAI Annual Report, 2024). This study examines LIC's performance in Hassan district, Karnataka, focusing on four key dimensions: insurance awareness and policy ownership patterns, customer satisfaction levels, competitive market dynamics, and digital service adoption. The research employed a quantitative approach using primary data collected through structured questionnaires from 100 randomly selected respondents across Hassan district, building upon the methodology for urban, semi urban and rural insurance market studies. Data was analyzed using descriptive statistics and correlation analysis to evaluate LIC's market position amidst growing competition from private insurers. The findings reveal that while LIC maintains strong brand trust and market presence, there are significant opportunities for improvement in digital service delivery and product customization. Customer awareness levels showed notable variations. The study contributes to the existing literature on regional insurance market dynamics by highlighting specific challenges in policy servicing and claim settlement processes, while identifying opportunities for enhancing customer engagement through technology integration. These insights provide actionable recommendations for LIC to strengthen its market position and improve service delivery in regional markets, contributing to the broader understanding of insurance sector dynamics in tire III districts like Hassan in India.

Keywords: Life Insurance Corporation (LIC), Insurance Awareness, Market Competition, Customer Satisfaction, Digital Transformation.

I. INTRODUCTION

The insurance industry in India has undergone significant transformation since 2000 when the Insurance Regulatory and Development Authority of India (IRDAI) opened the market to private sector participation. Despite this increased competition, Life Insurance Corporation of India (LIC), established in 1956 through the nationalization of over 245 insurance companies, has maintained its dominance in the market. According to the latest IRDAI Annual Report (2024), LIC continues to command over 61% market share in the life insurance segment, despite the presence of 23 private life insurers. The insurance penetration in India, measured as the ratio of premium to GDP, stands at 4.2% as of 2024, significantly lower than the global average of 7.4%. This indicates substantial untapped potential in the Indian insurance market, particularly in semi-urban and rural areas where awareness and accessibility remain challenging. Hassan district in Karnataka represents a typical semi-urban market with a mix of agricultural, small-scale industrial, and service sector activities, making it an ideal microcosm for studying insurance market dynamics in similar regions across India.

The concept of insurance in India can be traced back to ancient texts like Manusmrithi, Dharmasastra, and Arthasastra, which mention the practice of pooling resources to support individuals during calamities such as floods, fires, epidemics, and famines. These early forms of risk-sharing served as precursors to modern insurance systems, with traces found in marine trade loans and carriers' contracts.

The formal life insurance sector in India began during British rule:

1) 1818: The Oriental Life Insurance Company was established in Calcutta, marking the advent of life insurance business in India. However, it ceased operations in 1834.
2) 1829-1897: Indian companies like Madras Equitable (1829), Bombay Mutual (1871), Oriental (1874), and Empire of India (1897) emerged, though they faced stiff competition from foreign insurers like Albert Life Assurance and Royal Insurance.
3) 1912: The Indian Life Assurance Companies Act was the first legislation to regulate the sector.
4) 1938: The Insurance Act consolidated earlier regulations, ensuring more robust control over insurers' operations.

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Post-independence, the Indian government took steps to nationalize the insurance industry:

1) **1950:** The Insurance Amendment Act abolished principal agencies due to rising competition and allegations of unfair practices.
2) **1956:** The Life Insurance Corporation (LIC) was established through nationalization, merging 245 Indian and foreign insurers.
3) **1973:** The General Insurance Business (Nationalization) Act came into effect, consolidating 107 insurers into four companies: National Insurance, New India Assurance, Oriental Insurance, and United India Insurance, under the General Insurance Corporation (GIC).

Economic reforms in the 1990s brought significant changes to the insurance sector:

- **1993:** The Malhotra Committee was formed to recommend reforms, including private sector participation and foreign collaboration.
- **2000:** Following the committee's recommendations, the Insurance Regulatory and Development Authority (IRDA) was established as a statutory body to regulate and develop the insurance market.
- **2000-2002:** The market was opened to private players with foreign ownership capped at 26%. GIC was restructured as a national reinsurer, and its subsidiaries were made independent companies.

The Indian insurance sector comprises 24 life insurance companies and 34 general insurance companies, including the Export Credit Guarantee Corporation (ECGC) and Agriculture Insurance Corporation of India. The sector contributes approximately 7% to the country's GDP and continues to grow at an annual rate of 15-20%. It plays a vital role in providing long-term funds for infrastructure development while enhancing the nation's risk-bearing capacity.

The evolution of insurance in India reflects a dynamic journey from ancient risk-sharing practices to a modern, regulated industry. While nationalization ensured stability and inclusivity, liberalization spurred competition, innovation, and efficiency. As the sector continues to evolve, it remains a crucial pillar of economic growth and social security in India.

This research focuses on evaluating LIC's performance and market positioning in Hassan district by examining four dimensions:

1) Insurance Awareness and Policy ownership
2) Customer Satisfaction and Trust in LIC
3) Market Competition and Digital Adoption
4) Future Expectations and Suggestions

By addressing these areas, this research contributes to the understanding of regional insurance market dynamics and provides actionable insights for LIC and other insurers operating in similar semi-urban markets across India.

II. LITERATURE REVIEW

Charumathi (2011) emphasized the crucial role of a well-developed life insurance sector in fostering economic growth by providing long-term funds for infrastructure development and enhancing a country's risk-taking capacity. Life insurers serve as custodians of significant individual investments, necessitating policyholder confidence in their ability to meet liabilities. Consequently, regulatory authorities strive to ensure the financial stability and performance of life insurance companies. Given India's vast population and untapped market potential, the insurance sector presents a significant opportunity. In this evolving landscape of an expanding customer base, a key regulatory concern is safeguarding policyholders' interests and ensuring fair treatment.

Chaudhary and Kiran (2011) examined the life insurance industry in the context of regulatory changes introduced by the Insurance Regulatory and Development Authority (IRDA). Their findings indicated that the sector experienced substantial expansion post-2000 in terms of office numbers, agent recruitment, policy offerings, product diversity, and premium income. Similarly, Gulati and Jain (2011) assessed the business performance of life insurers based on various industry indicators. Their study revealed that despite the entry of private sector players, public sector insurers continued to grow, demonstrating resilience in the face of opportunities and challenges.

Gour and Gupta (2012) analyzed the solvency ratio of Indian life insurance companies over a three-year period (2009-10 to 2011-12) to assess performance disparities. Their findings ranked ICICI as the top performer among selected companies, followed by Birla Sun Life, SBI, HDFC, and LIC. The study also established a correlation between the solvency of life insurers and returns on investible funds, influenced by prevailing interest rates. Neelaveni (2012) further evaluated the performance of five life insurance companies in 2002-03, focusing on policy offerings and annual growth rates. The study concluded that while private insurers excelled in financial performance, LIC, as a public sector entity, lagged due to increasing competition. Charumathi (2011) extended this analysis by identifying key factors influencing the profitability of life insurers operating in India.

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Murthy, R. Babu, and Ansari (2009) examined LIC's performance in a liberalized economy, where globalization and deregulation heightened competition. The emergence of private players prompted LIC to adopt innovative marketing strategies, introduce new products, and enhance customer service to retain policyholders. The study underscored the need for intensified competition between public and private insurers to increase insurance penetration and meet consumer expectations in India's evolving market.

Mahal (2002) investigated the impact of private health insurance companies on healthcare costs and service quality in India. While private insurers introduced diverse coverage options, concerns about affordability and accessibility persisted. Habeeb, Kote, and Nabi (2016) conducted a post-liberalization assessment of LIC's performance, revealing fluctuations in its annual growth rate. Between 2005-06 and 2014-15, LIC's first-year premium CAGR stood at a mere 0.12%, with its market share declining from 100% in 2000-01 to 70% by 2009-10 due to rising competition. Additionally, employment trends within LIC showed that over one lakh individuals were employed, though female participation remained low at 17.12%. The study also highlighted regional disparities, with LIC maintaining the highest number of offices (1,367) in southern states and the lowest (116) in the northeastern region.

III. RESEARCH GAP

The reviewed studies collectively illustrate the evolving landscape of the Indian insurance sector. The liberalization of the industry introduced significant competition, reshaping LIC's market dominance while providing customers with more choices. Private insurers have influenced investment habits, claim settlement processes, and fraud detection mechanisms. As competition intensifies, both public and private insurers must continue to innovate, enhance service quality, and address regulatory challenges to sustain long-term growth in the sector.

while the literature provides valuable insights into the evolution of India's insurance industry, there are still critical gaps in understanding customer satisfaction, digital transformation, gender diversity, fraud management, rural penetration, regulatory challenges, and economic contributions. Addressing these gaps through further research would provide a more comprehensive perspective on the future trajectory of the insurance sector.

Gamarra (2007) analyzed the cost and profit efficiency of German life insurance companies, categorizing them into multichannel insurers, direct insurers, and independent agent insurers. Using a nonparametric Data Envelopment Analysis (DEA) approach, she examined efficiency levels across these groups from 1997 to 2005. Her findings provided economic evidence for the coexistence of different distribution systems, indicating no significant comparative performance advantages for specialized insurers. Additionally, the study highlighted the presence of scale economies within the German life insurance sector.

Tone and Sahoo (2005) were among the first researchers to evaluate the efficiency of the Indian life insurance sector, applying a new cost efficiency model to assess the performance of the Life Insurance Corporation of India (LIC). Their study, covering a 19-year period, revealed significant variations in cost efficiency scores. A notable decline in LIC's efficiency after 1994–1995 was attributed to increasing allocative inefficiencies, stemming from substantial fixed costs incurred in modernizing operations. However, a sharp improvement in cost efficiency in 2000–2001 suggested that LIC was beginning to reap the benefits of modernization, positioning itself better for future competition. The sensitivity analysis further supported these findings, reinforcing the observed trends.

Sinha (2007) examined total factor productivity growth in the Indian life insurance industry for the period 2003–2005 using the Malmquist Total Factor Productivity Index. A comparison of technical efficiency scores between public and private insurers revealed that private insurance companies were still lagging behind LIC in overall efficiency. This suggested that despite the growing presence of private players, LIC continued to dominate the market in terms of operational effectiveness.

IV. RESEARCH METHODOLOGY

Research Design: This study employed a quantitative research design to systematically investigate LIC's performance and market dynamics in Hassan district. A cross-sectional survey approach was chosen as it allows for the collection of data at a specific point in time, providing a snapshot of current market conditions. The research design incorporated both descriptive and correlational elements to analyze relationships between variables such as demographic factors, insurance awareness, customer satisfaction, and digital adoption.

Sample Size: The study population included residents of Hassan district, Karnataka, aged 18 years and above. A simple random sampling method was utilized to ensure representation from diverse demographic segments. The study considered a sample size of 100 participants.

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Data Collection Instruments: Primary data was collected using a structured questionnaire administered through google form between November 2024 and January 2025. The questionnaire comprised five sections:

1. Demographic information
2. Insurance awareness and policy ownership
3. Customer satisfaction
4. Competitive perception and Digital service adoption
5. Future expectations and suggestions

The questionnaire was pilot-tested with 15 respondents to ensure clarity, relevance, and comprehensiveness, with necessary modifications made based on feedback.

Data Analysis Methods: The collected data was analyzed using both descriptive and inferential statistical techniques. Descriptive statistics including frequencies, percentages, means, and standard deviations were used to summarize demographic data and satisfaction scores. Inferential statistics included: Independent t-tests to compare satisfaction levels between different customer groups. Statistical Package for Social Sciences (SPSS) version 28.0 was used for data analysis.

Ethical Considerations: The study was conducted in accordance with ethical guidelines, ensuring informed consent from all participants, maintaining confidentiality of personal information, and respecting participants' right to withdraw at any stage.

V. RESULTS AND ANALYSIS

The demographic distribution shows a diverse sample with representation across gender, age groups, education levels, occupations, and income brackets, reflecting the heterogeneous nature of Hassan district's population. The majority of respondents (40%) fall within the 36-45 age group, followed by 36% in the 25-35 age group. The younger (below 25) and older (46-60) age groups each make up 12% of the sample, indicating a balanced mix of middle-aged individuals who are likely in their prime earning and investment years. The sample is male-dominated, with 82% of respondents being male and only 18% female, suggesting a gender disparity in insurance participation or decision-making. A significant proportion (80%) of respondents hold a postgraduate or higher qualification, while 18% have an undergraduate degree, and only 2% have completed PUC. This suggests that the respondents are highly educated, which may influence their financial and insurance-related decisions. The majority of respondents (62%) are private sector employees, followed by 22% in government jobs. Students (10%), homemakers (4%), and farmers (2%) form a smaller part of the sample, indicating that most respondents have stable employment and a steady income source. Most respondents (40%) earn between ₹25,000 and ₹50,000 per month, while 18% earn above ₹1,00,000, and 14% fall into the ₹50,000-₹1,00,000 range. A smaller segment (28%) earns below ₹25,000, reflecting a diverse financial background among the respondents. The majority (72%) resided in urban areas, while 20% lived in semi-urban regions, and 8% in rural areas.

Table 1: Demographic Profile of Respondents

Category	Sub-category	Frequency	Percentage (%)
1. Age Distribution	Below 25	12	12
	25 - 35	36	36
	36 - 45	40	40
	46 - 60	12	12
	Total	100	100
2. Gender	Male	82	82
	Female	18	18
	Total	100	100
3. Educational Qualification	PUC	2	2
	Undergraduate	18	18
	Postgraduate or above	80	80
	Total	100	100
4. Occupation	Farmer	2	2

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	Government Employee	22	22
	Private Sector Employee	62	62
	Student	10	10
	Homemaker	4	4
	Total	100	100
5. Monthly Income (INR)	Below ₹10,000	14	14
	₹10,000 - ₹25,000	14	14
	₹25,000 - ₹50,000	40	40
	₹50,000 - ₹1,00,000	14	14
	Above ₹1,00,000	18	18
	Total	100	100
a. Residency Type	Urban	72	72.0
	Semi - Urban	20	20.0
	Rural	8	8.0
	Total	**100**	**100.0**

Source: Primary data

INSURANCE AWARENESS AND POLICY OWNERSHIP

Insurance plays a crucial role in financial security, risk management, and long-term planning for individuals and families. Understanding consumer awareness, preferences, and ownership patterns helps assess the effectiveness of insurance services and policy outreach. This section analyzes respondents' awareness and ownership of insurance policies, including their preferences for insurance companies, types of plans owned, reasons for purchasing insurance, and methods of policy acquisition. Additionally, it explores satisfaction levels, claim settlement experiences, digital adoption, and potential shifts to private insurers, providing insights into customer expectations and challenges in the insurance sector. The findings aim to highlight key trends in insurance adoption and areas for improvement in service delivery.

Table No. 2. Respondents' preference on Insurance Company

Company	Frequency	Percentage (%)
LIC	60	60.0
Private	10	10.0
Both	16	16.0
Other	4	4.0
Total	90	90.0

Source: Primary data

The table illustrates respondents' preferences for insurance companies. LIC is the most preferred choice, with 60% of respondents opting for it, indicating strong trust in the government-backed insurer. A smaller proportion (10%) prefers private insurance companies, while 16% have policies with both LIC and private insurers, reflecting a diversified approach. Only 4% have chosen other insurance providers. These findings highlight LIC's dominant position in the market, with private insurers facing challenges in gaining wider acceptance among respondents.

Table No. 3. type of insurance plan owned by respondents

Insurance Plan	Frequency	Percentage (%)
Term Insurance	40	40.0
Endowment Policy	22	22.0
Money Back Policy	16	16.0
Pension Plan	6	6.0
Other	16	16.0
Total	100	100.0

Source: Primary Data

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The table reveals the distribution of insurance plans owned by respondents. Term insurance emerges as the most preferred choice, with 40% opting for it, reflecting a focus on affordable premiums and high coverage for family security. Endowment policies follow at 22%, indicating a preference for plans that combine life coverage with savings. Money-back policies attract 16% of respondents, highlighting interest in periodic returns alongside protection. Only 6% have invested in pension plans, suggesting that retirement planning is not a priority for many. Meanwhile, 16% have chosen other plans, such as health insurance or ULIPs, showcasing a diversified approach to insurance and investment.

Table No. 4 Reason for purchasing insurance

Reason	Frequency	Percentage (%)
Financial Security for family	54	54.0
Investment and Savings	22	22.0
Retirement Planning	6	6.0
Tax Benefits	12	12.0
Other	6	6.0
Total	100	100.0

Source: Primary data

The table shows the primary reasons for purchasing insurance among respondents. The majority (54%) consider financial security for their family as the main motivation, reflecting the protective role insurance plays in ensuring family well-being. Investment and savings follow at 22%, indicating that many view insurance as a dual-purpose tool for both protection and wealth accumulation. Tax benefits motivate 12% of respondents, highlighting the influence of fiscal incentives on insurance decisions. Only 6% purchase insurance for retirement planning, suggesting limited awareness or priority for long-term financial security, while another 6% cite other reasons for their choice.

Table No. 5. How did the respondents purchase the insurance Policy

Channels	Frequency	Percentage (%)
Through an LIC Agent	78	78.0
Online	8	8.0
Through a bank or financial Institution	8	8.0
Other	6	6.0
Total	100	100.0

Source: Primary data

The table indicates that the majority of respondents (78%) purchased their insurance policies through an LIC agent, highlighting the continued reliance on personal interactions and trust in traditional sales channels. Online purchases and purchases through banks or financial institutions account for only 8% each, suggesting limited adoption of digital and institutional channels for insurance procurement. Meanwhile, 6% of respondents used other methods, reflecting a small but diverse approach to policy acquisition. These findings emphasize the dominant role of agents in influencing insurance decisions while indicating potential growth opportunities for digital and institutional channels.

Table No. 6 How long the respondents been a policyholder with Insurance company

Years	Frequency	Percentage (%)
Less than 1 year	8	8.0
1 - 3 years	36	36.0
More than 7 years	56	56.0
Total	100	100.0

Source: Primary data

The table shows the duration for which respondents have been policyholders with an insurance company. A majority (56%) have held their policies for more than seven years, indicating long-term commitment and trust in their insurance providers. Another 36% have been policyholders for one to three years, suggesting a significant proportion of relatively new entrants into the insurance market. Only 8% have held policies for less than a year, reflecting either recent adoption or a lower rate of new policy acquisitions. These findings highlight a strong retention rate among long-term policyholders while also indicating potential for growth in attracting new customers.

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CUSTOMER SATISFACTION AND TRUST IN LIC

Customer satisfaction and trust are critical factors in evaluating the effectiveness and reliability of an insurance provider. This section examines respondents' satisfaction levels with LIC's insurance policies, efficiency in claim settlement, and overall trust in the company. It also explores the factors that contribute to their likeliness to recommend LIC, challenges faced, and expectations for service improvements. Furthermore, the study assesses the role of LIC's government-backed reputation, customer service, and digital services in shaping consumer trust. The findings provide valuable insights into policyholder perceptions, areas of concern, and potential strategies to enhance customer satisfaction and long-term loyalty.

Table No. 6 Satisfaction level with insurance policy

Satisfaction Level	Frequency	Percentage (%)
Not Satisfied	4	4.0
Neutral	22	22.0
Satisfied	48	48.0
Highly Satisfied	26	26.0
Total	100	100.0

Source: Primary data

The table presents respondents' satisfaction levels with their insurance policies. A majority (48%) are satisfied, while 26% are highly satisfied, indicating that most policyholders have a positive experience with their insurance providers. Meanwhile, 22% remain neutral, suggesting they neither strongly approve nor disapprove of their policies. Only 4% of respondents express dissatisfaction, showing that negative experiences are minimal. Overall, the data suggests that insurance companies have been able to meet the expectations of most policyholders, with room for improvement to convert neutral respondents into satisfied customers.

Table No. 7 Respondents rating for Insurance claim settlement process

Efficiency Level	Frequency	Percentage (%)
Inefficient	4	4.0
Neutral	34	34.0
Efficient	40	40.0
Very Efficient	22	22.0
Total	100	100.0

Source: Primary data

The table presents respondents' ratings of the insurance claim settlement process. A significant portion (40%) considers the process efficient, while 22% find it very efficient, indicating that most policyholders have a positive perception of claim settlements. However, 34% remain neutral, suggesting that they may have had an average experience or limited interaction with the process. Only 4% rate it as inefficient, showing that dissatisfaction is minimal. Overall, while the majority of respondents view the claim settlement process positively, addressing concerns of neutral respondents could further enhance customer satisfaction.

Table No. 8 Respondents most likeliness about the LIC of India

Likeliness	Frequency	Percentage (%)
Government - Backed Trust	62	62.0
Affordable Premiums	6	6.0
Good Claim Settlement ratio	6	6.0
Reliable Customer Service	14	14.0
Wide range Of Policies	8	8.0
Total	96	96.0

Source: Primary data

The table highlights the factors that respondents find most appealing about LIC of India. The majority (62%) value LIC for its government-backed trust, indicating strong confidence in the institution's reliability and stability. Reliable customer service is the next most appreciated factor, with 14% of respondents favouring it. Wide range of policies (8%), affordable premiums (6%), and good claim settlement ratio (6%) receive comparatively lower preferences. Overall, the findings suggest that LIC's reputation as a government-backed entity is its biggest strength, while other factors like pricing and claim settlement play a lesser but still important role in customer preference.

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Table No. 9 Challenges faced by Respondents with LIC

Challenges	Frequency	Percentage (%)
Delayed claim Settlement	8	8.0
Poor Customer Service	16	16.0
Lack of Digital Services	16	16.0
Complicated Policy Terms	20	20.0
High premiums	22	22.0
Total	**82**	**82.0**

Source: Primary data

The table highlights the key challenges faced by respondents with LIC. The most common concern is high premiums (22%), followed by complicated policy terms (20%), suggesting that cost and policy complexity are significant issues for policyholders. Poor customer service and lack of digital services (16% each) indicate areas where LIC could enhance customer experience and accessibility. Delayed claim settlement is a concern for 8% of respondents, though it appears to be a lesser issue compared to others. Overall, while LIC enjoys strong trust, addressing these challenges particularly premium affordability, policy clarity, and digital services could improve customer satisfaction.

Market Competition and Digital Adoption

Table No. 10 Plan of switching to a private insurer

Action plan	Frequency	Percentage (%)
Yes	40	40.0
No	58	58.0
Total	98	98.0

Source: Primary data

The table reveals respondents' willingness to switch to a private insurer. A majority (58%) prefer to stay with their current insurance provider, indicating strong trust and satisfaction with their existing policies. However, 40% are considering switching to a private insurer, suggesting that a significant portion of policyholders may be seeking better benefits, services, or affordability. The findings highlight that while LIC and other insurers retain customer loyalty, private insurers have an opportunity to attract dissatisfied or cost-conscious policyholders by addressing key concerns such as premiums, policy flexibility, and customer service.

Table No. 11 Factors influenced respondents' action to shift to private company

Factors	Frequency	Percentage (%)
Better Returns on Investment	28	28.0
Lower Premiums	10	10.0
More Digital Services	8	8.0
Better Customer Support	12	12.0
More Flexible Policies	8	8.0
Other factors	18	18.0

Source: Primary data

The table highlights the factors influencing respondents' decision to shift to a private insurance company. Among the 40 respondents considering a switch, the primary reason (28%) is better returns on investment, indicating that financial benefits play a crucial role in their decision-making. Lower premiums (10%) and better customer support (12%) also influence their choice, reflecting concerns about affordability and service quality. Additionally, more digital services (8%) and flexible policies (8%) suggest a demand for modern, user-friendly, and customizable insurance options. Other factors (18%) indicate that various personal or situational aspects also contribute to their decision. These findings emphasize that private insurers can attract customers by offering competitive returns, better service, and digital accessibility.

Table No. 12 Access of insurance-related information

Source	Frequency	Percentage (%)
LIC agents	44	44.0
LIC website or Mobile App	24	24.0
Social media & Advertisements	18	18.0
Friends & Family	10	10.0
Other	4	4.0
Total	100	100.0

Source: Primary data

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The table illustrates the primary sources through which respondents access insurance-related information. The majority (44%) rely on LIC agents, highlighting the continued importance of personal interaction and trust in insurance decisions. The LIC website or mobile app (24%) is the second most used source, indicating a growing preference for digital channels. Social media and advertisements (18%) also play a notable role, reflecting the influence of online marketing. Meanwhile, friends and family (10%) serve as an additional source of information, while a small percentage (4%) rely on other means. These findings suggest that while traditional agent-based communication remains dominant, digital platforms are gaining traction in providing insurance-related information.

Table No. 13. Respondents' preference to manage insurance policy online instead of through an agent

Preference	Frequency	Percentage (%)
Yes	58	58.0
No	10	10.0
Maybe	32	32.0
Total	100	100.0

Source: Primary data

The table highlights respondents' preferences for managing their insurance policies online instead of through an agent. A majority (58%) prefer online management, indicating a shift toward digital convenience and self-service options. However, 32% are uncertain (Maybe), suggesting that while they see potential benefits, they may still rely on agents for guidance. Only 10% prefer traditional agent-based management, reflecting a smaller segment that values personal assistance. These findings suggest a growing acceptance of digital platforms, though insurers must ensure user-friendly interfaces and support to fully transition customers toward online policy management.

Future Expectations and Suggestions

Table No. 14 Additional services expected from LIC to Offer

Services	Frequency	Percentage (%)
Improved Mobile App and online Services	44	44.0
More Flexible Insurance Plans	12	12.0
Lower Premiums	8	8.0
Personalized Financial Advice	8	8.0
Improved Mobile App and online Services; Lower Premiums; Personalized Financial Advice	2	2.0
Improved Mobile App and online Services; Faster Claim Settlements	2	2.0
Improved Mobile App and online Services; More Flexible Insurance Plans	4	4.0
Improved Mobile App Services Flexible Plans, Lower Premiums, Faster Claims, Personalized Financial Advice	6	6.0
Improved Mobile App Services, More Flexible Plans, Lower Premiums, Personalized Financial Advice	2	2.0
Improved Mobile App and online Services; More Flexible Insurance Plans; Personalized Financial Advice	2	2.0
Improved Mobile App and online Services; Personalized Financial Advice	2	2.0
More Flexible Insurance Plans; Lower Premiums	2	2.0
Total	94	94.0

Source: Primary data

The table presents the additional services respondents expect from LIC. The most requested improvement (44%) is an enhanced mobile app and online services, indicating a strong demand for better digital accessibility. More flexible insurance plans (12%) and lower premiums (8%) also emerge as key expectations, reflecting the need for affordability and policy customization. Additionally, personalized financial advice (8%) suggests that some customers seek tailored guidance for better financial planning. A few respondents (6%) expect a combination of multiple services, such as improved online platforms, faster claim settlements, and flexible policies. These findings highlight that LIC must focus on digital transformation, affordability, and customer-centric solutions to meet evolving policyholder expectations.

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Table No. 15 Would respondents recommend LIC to others

Recommend	Frequency	Percentage (%)
Yes	54	54.0
No	18	18.0
Maybe	28	28.0
Total	100	100.0

Source: Primary data

The table indicates respondents' willingness to recommend LIC to others. A majority (54%) would recommend LIC, suggesting overall trust and satisfaction with the company. However, 28% remain uncertain (Maybe), indicating that while they do not strongly oppose recommending LIC, they may have reservations regarding certain aspects of the service. Meanwhile, 18% would not recommend LIC, reflecting dissatisfaction or preference for alternative insurers. These findings suggest that while LIC enjoys a strong reputation, addressing concerns related to premiums, digital services, and policy flexibility could further enhance customer loyalty and advocacy.

VI. DISCUSSION

H1 = There is significant difference between gender and satisfaction level on insurance products of LIC
H0 = There is no significant difference between gender and satisfaction level on insurance products of LIC

Table No. 16 Group Statistics

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Satisfaction Level	**Male**	82	4.00	.889	.098
	Female	18	3.56	.984	.232

Table No. 17 Independent t test

Test	F-Value	Sig.	t-Value	df	Sig. (2-tailed)	MD*	SE*
Equal variances assumed	0.122	0.728	1.885	98	0.062	0.444	0.236
Equal variances not assumed	—	—	1.765	23.484	0.09	0.444	0.252

*MD = Mean Deviation, SE = Standard Error

The group statistics table no 16 shows that male respondents have a higher mean satisfaction level (4.00) compared to female respondents (3.56), indicating that men tend to be more satisfied with LIC's insurance products and services. However, the independent t-test (table no. 17) results reveal that the difference is not statistically significant at the 5% level, as the p-value (0.062 for equal variances assumed and 0.09 for equal variances not assumed) is greater than 0.05. Therefore, based on the null hypothesis, we conclude that there is no significant difference in satisfaction levels between male and female respondents regarding LIC's insurance products and services.

H1 = There is significant difference between the residence type of respondents and satisfaction level with insurance products

Ho = There is no significant difference between the residence type of respondents and satisfaction level with insurance products

Table No. 18 Satisfaction level with insurance products

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	6.416	2	3.208	4.044	.021
Within Groups	76.944	97	.793		
Total	83.360	99			

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Table No. 19 Satisfaction level with insurance products

Duncan[a,b]			
Residence Type	**N**	**Subset for alpha = 0.05**	
		1	2
Semi – Urban	20	3.50	
Urban	72	3.97	3.97
Rural	8		4.50
Sig.		.138	.098
Means for groups in homogeneous subsets are displayed.			
a. Uses Harmonic Mean Sample Size = 15.882.			
b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.			

The ANOVA test (Table No. 18) examines whether there is a significant difference between the residence type of respondents and their satisfaction level with insurance products. The F-value (4.044) and p-value (0.021) indicate that the difference is statistically significant at the 5% level ($p < 0.05$). Therefore, we reject the null hypothesis (H_0) and accept the alternative hypothesis (H_1), suggesting that satisfaction levels vary based on residence type.

The Duncan post hoc test (Table No. 19) further categorizes respondents into homogeneous subsets. Rural respondents have the highest satisfaction level (mean = 4.50), followed by urban respondents (mean = 3.97), and semi-urban respondents (mean = 3.50). The p-values for subset differences (0.138 and 0.098) suggest that while rural and urban respondents exhibit higher satisfaction, the difference between semi-urban and urban respondents is not strongly significant.

These findings indicate that location-based factors, such as service accessibility, awareness, and personalized support, may influence customer satisfaction with insurance products. LIC may need to enhance its outreach and service quality in semi-urban areas to improve customer experience.

VII. FINDINGS

a) Findings on Insurance Awareness and Policy Ownership:

1) LIC remains the dominant insurance provider, with 60% of respondents preferring it over private insurers.
2) Term insurance (40%) is the most popular insurance plan, indicating a preference for affordable premiums and high coverage.
3) Financial security for family (54%) is the primary reason for purchasing insurance, followed by investment and savings (22%).
4) The majority (78%) purchase insurance through LIC agents, showing a strong preference for traditional sales channels over digital platforms.
5) A significant portion (56%) has been policyholders for over seven years, indicating long-term trust in their insurance providers.

b) Findings on Customer Satisfaction and Trust in LIC:

1) Satisfaction levels are high, with 48% satisfied and 26% highly satisfied with their policies.
2) The insurance claim settlement process is viewed positively by 40% of respondents as efficient and 22% as very efficient.
3) LIC's government-backed trust is its biggest strength (62%), followed by reliable customer service (14%).
4) Key challenges include high premiums (22%), complicated policy terms (20%), poor customer service (16%), and a lack of digital services (16%).

c) Findings on Market Competition and Digital Adoption:

1) While 58% prefer staying with LIC, 40% are considering switching to private insurers, primarily for better returns on investment (28%).
2) Lower premiums (10%), better customer support (12%), and more digital services (8%) are other influencing factors for switching to private companies.

VIII. RECOMMENDATIONS

1) Enhancing Women's Participation: Awareness campaigns and targeted outreach should be conducted to increase women's involvement in insurance decision-making.

2) Digital Transformation: LIC and other insurers should improve digital accessibility and online policy purchase options to attract tech-savvy customers. A user-friendly digital platform for policy management, claim processing, and customer service can enhance satisfaction.
3) Policy Simplification and Affordability: Clearer communication regarding policy terms and benefits should be implemented to reduce confusion. More affordable premium options should be introduced to cater to diverse income groups.
4) Customer Service Enhancement: Improved customer service training and faster resolution of grievances can increase overall satisfaction levels. Strengthening claim settlement efficiency will help maintain consumer trust and reduce dissatisfaction.
5) Product Diversification and Competitive Features: LIC and private insurers should introduce flexible policies with better returns on investment to prevent customer migration. A wider range of pension and retirement plans should be promoted to encourage long-term financial security.

IX. CONCLUSION

The study reveals that while LIC enjoys strong trust due to its government backing and long-term presence, there are emerging concerns regarding high premiums, complex policies, and limited digital services. While traditional insurance channels remain dominant, there is a growing interest in digital and private insurance options due to competitive pricing and better returns. Enhancing affordability, simplifying policy terms, improving customer service, and leveraging digital transformation will be key to sustaining customer trust and loyalty in the evolving insurance landscape.

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