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Perceptions and Expectations of Customers of Life Insurance Corporation of India in the Light of Fintech Adoption

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ABSTRACT

Fintech refers to use of technological services in financial field. Insurance is one of the FinTech sectors that have witnessed the least disruption so far. This lack of disruption means that there is immense potential for FinTech to innovate across the insurance value chain from customer acquisition, to risk assessment and underwriting, and claims processing. Recent years have seen the rise of online insurance marketplaces where customers can compare and buy insurance. But the next level of disruption in the industry will seek to change the way insurers operate internally through data-driven automation of processes across the value chain. In this context, Life Insurance Corporation of India, India's premiere institution faces many challenges in this sphere and challenges can be used as a motivating force to increase its market share using fintech in the light of demonetization, GST and adhar linking. In the light of insurtech, present study is conducted in Khammam town to assess perceptions and expectations of customers of LIC products.

Keywords: fintech, demonetization, GST, disruption, underwriting

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INTRODUCTION:

Ever since liberalization, privatization and globalization in India, several changes have come in several spheres of life. Influence of private sector and reduction in manpower has been witnessed. Coming to financial sector, banks and insurance sectors are mostly affected.

Apart from traditional segments such as payments, lending and fund management, India offers a good potential in many other segments. One such segment is insurance where Insurtech startups can have deeper impact and possibilities to disrupt the market. India is attractive from an Insurtech perspective due to the size of its significantly underinsured population. According to the global reinsurer SwissRe, the Indian insurance penetration stands at 3.4% in 2015 compared to a global average of 6.2%. Insurance penetration refers to premiums as a percentage of GDP. The insurance sector in India was liberalized in 1999, which marked the end of the monopoly of LIC (Life Insurance of India, the largest public sector insurance provider), and the number of companies increased from two prior to 1999 to 53 in 2016. Approximately half of these 53 companies provide life insurance and the other half deal in non-life insurance matters. As the second-most populous country in the world, India constitutes for approximately 2% of the life insurance and 0.66% of the non-life insurance premium paid globally. Premium income has witnessed a growth of 22.5% in 2015–16 (April 2015 to March 2016) and reached INR 1.38 trillion.

Ever since its inception in 1956, Life Insurance Corporation has been influencing the lives of millions of people in the country by securing their lives. Customer satisfaction is key to the success of any business or service oriented organization. It refers to the level perception of the buyer resulting from comparing the perceived performance of the product or service in relation to the expectation of the buyer. Consumer satisfaction depends upon the actual performance in relation to buyer's expectations. If the

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product's performance falls short of expectations, the customer is dissatisfied and vice versa. If the performance exceeds the expectation, the consumer is highly satisfied or delighted.

RELEVANCE OF THE STUDY:

Ever since the onslaught of LPG era, public sector enterprises are facing stiff competition from the private sector enterprises and MNCs. All sectors are influenced by LPG. Insurance sector is no exception LIC is no exception. Presently, around 53 insurance companies are functioning in the country (including non – life). In the wake of infotech, use of IT resources has increased manifold. Private sector firms are making use of IT resources in a big way. In this, context the present study is necessary to find out whether any change has occurred in the minds of the customers of LIC. This study reveals how much the customers are satisfied with the products, services, claim settlement, loan facilities, etc offered by LIC in the wake of infotech.

REVIEW OF LITERATURE:

Pushpender Kumar(2011) studied customer expectation and satisfaction of LIC. 330 policy holders were contacted ANOVA and t test were used. The research indicated that customers.

Dr. C. Selvarani and A. Riswana Parveen conducted study in Villupuram town Taminadu (2017) on customer satisfaction towards LIC products. 100 customers were surveyed. Chi square test was conducted and it was found that customers are highly satisfied but the quality of the agents was not up to the mark.

Sandeep Chaudhary (2016) used factor analytic approach in studying consumer perception. 100 respondents in Punjab were contacted. Descriptive and factor analytic approach were the statistical techniques were used and it was found that customers' are influenced by six factors like customized and

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timely services, better company reputation, service quality, customer convenience, tangible benefits and healthy customer client relationship influences perception.

OBJECTIVES OF THE STUDY:

1. To analyze the customer satisfaction level of LIC in the wake of infotech.

2. To understand the problems identified by the policy holders in the light of insurtech.

TESTING OF HYPOTHESIS:

H_{o1}: There is no significant association in the satisfaction level of the policyholders belonging to different economic profiles towards the services of LIC of India.

H_{02}: There is no significant relationship among the respondents based on gender towards the perceived level of service quality of LIC of India.

H_{03}: There is no significant difference in the acceptance levels of the policyholders between the expected and perceived levels of the service quality based on age in LIC of India, .

H_{04}: There is no significant difference in the acceptance levels of the policyholders between the expected and perceived levels of the service quality based on education in LIC

H_{05}: There is no significant difference in the acceptance levels of the policyholders between the expected and perceived levels of the service quality based on occupation in LIC of India. .**H_{06}:** Policyholders' expected and perceived levels towards insurtech adoptions of LIC of India do not differ significantly.

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RESEARCH DESIGN:

SOURCES OF DATA:

Information for the study has been collected from both primary and secondary sources. Primary data has been collected by interviewing LIC customers and secondary data has been collected from various websites, published records, journals, etc.

AREA OF STUDY:

The present study is confined to Khammam town, Telangana only.

PERIOD OF STUDY:

The present study is conducted during the year 2020.

SAMPLE SIZE:

60 customers are selected for the study.

SAMPLING METHOD:

Convenient sampling method is used to collect the data.

TOOLS OF ANALYSIS:

T test

Chi square test

Percentages

LIMITATIONS OF THE STUDY:

1. Time available is very limited.
2. Monetary resources are very limited.
3. Present study is confined only to Khammam town.
4. Sample size is very small to be generalized.

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DATA ANALYSIS:

Association between Monthly Family Income and Satisfaction

Calculated Chi square value	D.F	Table Value at 5%	Significance
25.25	12	21.03	Significant

The calculated chi square value is greater than the table value (21.03) at 5 per cent level of significance. The test shows significance. This means that a significant association is found among the satisfaction levels of the respondents belonging to different income groups towards services of the LIC of India. Therefore, the null hypothesis is (H_{01}) rejected. The average satisfaction score of the respondents belonging to monthly family income above Rs.30000 is high, followed by the respondents whose monthly family income is Rs.10001-20000. Therefore, the respondents who draw monthly income above Rs.30000 are more satisfied with the services of the LIC of India.

Comparison between Gender and Acceptance

t Value	D.F	Table Value at 5%	Significance
1.78	58	1.965	Not significant

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The calculated t value is (1.78) less than the table value (1.965) at 5 per cent level of significance. The test shows no significance. This means that there is no significant difference between the acceptance level of the male and female respondents towards perceived service quality in LIC of India. Therefore, the null hypothesis is (H_{02}) accepted.

Association between Age and Satisfaction

Calculated Chi square value	D.F	Table Value at 5%	Significance
34.305	12	21.03	Significant

The calculated chi square value is (34.305) greater than the table value (21.03) at 5 per cent level of significance. The test is significant. This means that there is a significant association among the satisfactions levels of the respondents belong to different age groups towards services of the LIC of India. Therefore, the null hypothesis is (H_{03}) rejected.

Association between Education and Satisfaction

Calculated Chi square value	D.F	Table Value at 5%	Significance
36.48	12	21.03	Significant

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The calculated chi square value is (36.48) greater than the table value (21.03) at 5 per cent level of significance. The test is significant. This means that a significant association is found among the satisfaction level of the respondents having different educational qualifications towards services of the LIC of India. Therefore, the null hypothesis is (H_{04}) rejected.

Association between Occupation and Satisfaction

Calculated Chi square value	D.F	Table Value at 1%	Significance
36.43	16	32.00	Significant

The calculated chi square value is (36.43) greater than the table value (32.00) at 5 per cent level of significance. The test shows significance. This means that there is a significant association among the satisfaction level of the respondents belonging to different occupations towards services of the LIC of India. Therefore, the null hypothesis is (H_{05}) rejected.

Policyholders' expected and perceived levels towards insurtech adoptions of LIC

LEVEL	NUMBER OF RESPONDENTS	MEAN SCORE	STANDARD DEVIATION	CO-VARIATION
Expected level	60	16.11	1.41	8.75
Perceived level	60	15.76	1.30	8.25

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COMPARISON BETWEEN EXPECTED AND PERCEIVED LEVELS

T value	df	Table value at 1%	significance
4.267	59	2.586	significant

The calculated value (4.267) is greater than the table value (2.586) at 1 percent.

This means that policyholders' expected and perceived levels towards insurtech adoptions of service in LIC of India differ significantly. Therefore, the null hypothesis is (H_{06}) rejected. Further, the average acceptance score of the policyholders with respect to expected level is (16.11) high, followed by the average acceptance score of the perceived level (15.76). Therefore, there is a gap between the expected and perceived levels of insurtech adoption by the LIC of India.

Respondents' Problems with insurtech

Problems	No. of Respondents	Percentage
Absence of customer special events related to insurtech	43	72.00
Inadequate infrastructure	48	80.00
Lack of reliability	22	37.00
Absence of creativity and innovativeness	32	53.00
Inadequate customer contact programmes	22	37.00
Absence of update information	15	25.00
Lack of staff involvement	23	38.60
Absence of user friendly skills	20	33.33
Lack of customer compliant monitoring cell	35	58.00

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Respondents' Suggestions to Improve insurtech Service

Suggestions	No. of Respondents	Percentage
Special events for policyholders	60	100.00
Improvement in infrastructure	55	92.00
Creativity and innovativeness	58	96.00
Understanding the customers	42	70.00
Providing update information	48	80.00
Staff involvement	23	38.60
Customer compliant monitoring cell	55	92.00

Absence of customer-special events, inadequate infrastructure, reducing rate of reliability, absence of creativity and innovativeness, lack of understanding the customer, inadequate customer contact programmes, absence of update information, lack of staff involvement, absence of user friendly skills and lack of customer compliant monitoring cell and are the problems of the policyholders towards service quality in the LIC of India. The respondents suggested suitable measures to improve the service quality of the LIC of India in Khammam town.

CONCLUSION: It may be concluded that, if proper steps are taken by the Life Insurance Corporation of India, policy holders will appreciate and invest more in LIC.

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