



A STUDY ON CONSUMER AWARENESS AND PERCEPTION TOWARDS LIC'S INDIVIDUAL LIFE INSURANCE PLANS WITH SPECIAL REFERENCE TO COIMBATORE CITY

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Abstract:

Life insurance plays a crucial role in financial planning, providing individuals with security and risk protection. This study explores consumer awareness and perception towards LIC's individual life insurance plans in Coimbatore City. The research aims to assess the level of awareness among consumers, evaluate their perceptions, and identify key factors influencing their decision-making. A structured questionnaire was used to collect data from LIC policyholders and potential customers in Coimbatore. Statistical analyses, including descriptive statistics, chi-square tests, ANOVA, and regression analysis, were conducted to derive insights. The findings indicate that while many consumers recognize LIC as a trusted insurance provider, gaps exist in their understanding of specific policies, benefits, and terms. Consumer perception is significantly influenced by factors such as brand trust, policy features, premium affordability, and agent recommendations. The study also highlights the most preferred LIC plans and suggests strategies to enhance consumer awareness and satisfaction. The results provide valuable insights for LIC and insurance marketers to develop targeted awareness campaigns and improve policyholder engagement.

Key Words: Consumer Awareness, Perception, LIC, Life Insurance, Coimbatore, Decision-Making

Introduction:

Life insurance is a vital financial tool that provides individuals and families with financial security and risk protection against unforeseen events. Among various life insurance providers in India, the Life Insurance Corporation of India (LIC) holds a dominant position due to its long-standing reputation, extensive product portfolio, and widespread consumer trust. LIC offers a range of individual life insurance plans, catering to different financial goals, such as wealth creation, retirement planning, and risk coverage. However, despite its market presence, consumer awareness and perception towards LIC's individual life insurance plans vary based on factors such as knowledge, accessibility, promotional efforts, and personal financial literacy. Understanding consumer awareness is crucial for insurance companies to bridge knowledge gaps and design effective marketing strategies. Perception, on the other hand, influences purchasing decisions, as consumers assess policies based on affordability, benefits, claim settlement ratios, and service quality. In a dynamic city like Coimbatore, where financial awareness is steadily growing, evaluating consumer perspectives on LIC's life insurance plans is essential for improving policy adoption and customer satisfaction. This study aims to analyse the level of awareness among consumers regarding LIC's individual life insurance plans and their perceptions about the benefits, limitations, and influencing factors in decision-making. By assessing these aspects, the research seeks to provide valuable insights for LIC and other insurance stakeholders to enhance their marketing efforts and improve consumer engagement in Coimbatore City.

Objectives of the Study:

- To analyse consumer awareness levels regarding LIC's individual insurance plans in Coimbatore.
- To examine consumer perception and satisfaction towards LIC's individual insurance plans.
- To identify key factors influencing consumer decision-making in purchasing LIC's individual insurance plans.
- To determine the most preferred LIC individual insurance plans among consumers in Coimbatore.

Review of Literature:

- Raghavan and Meera (2024) examined the role of AI-driven financial advisory services in enhancing consumer awareness of LIC's individual life insurance plans. Their study found that AI-based chatbots and virtual advisors improved policyholder engagement, particularly among younger consumers, while older consumers still preferred traditional LIC agents.
- Anand and Sindhu (2023) explored LIC's mobile app-based insurance services, highlighting their role in improving accessibility. However, the study suggested enhancements in user experience and payment integration to increase consumer engagement.
- Anitha and Charan (2023) analysed the impact of financial literacy on LIC policy selection. They found that financially literate consumers made better policy decisions, favoring long-term benefits over short-term savings. The study recommended awareness workshops and improved online comparison tools.
- Harish and Balamurugan (2023) investigated digital marketing's influence on LIC awareness. Their findings showed that social media and digital ads effectively reached younger consumers, while older consumers continued to rely on LIC agents.
- Mahesh and Suresh (2023) assessed government policies promoting LIC schemes. They concluded that tax incentives significantly influence consumer interest in life insurance, recommending stronger government initiatives for public awareness.

Statistical Tools Used:

- Simple Percentage Analysis-
- Chi-Square Test
- ANOVA (Analysis of Variance)
- Regression Analysis
- Correlation Analysis

Analysis:

Table 1: Demographic Analysis

Variable		Frequency	Percentage (%)
Age	Below 25 Years	74	47.44
	Above 45 Years	44	28.85
	25-35 Years	23	14.74
	36-45 Years	14	8.97
Gender	Female	80	51.28
	Male	76	48.72
Occupation	Salaried Employee	61	39.1
	Student	44	28.21
	Retired	26	16.67
	Business Owner	25	16.03
Income	Below ₹25,000	72	46.15
	₹25,000 - ₹50,000	44	28.21
	Above ₹1,00,000	21	13.46
	₹50,000 - ₹1,00,000	19	12.18

Statistical Tools Used:

1. Chi-Square Tests:

To Find Out Relationship Between Age and Awareness Levels:

Table 2: Represents the Chi Square Tests between Age and Awareness Levels of LIC

	Value	df	Asymp. Sig. (2-Sided)	Exact Sig. (2-Sided)	Exact Sig. (1-Sided)
Pearson Chi-Square	.293 ^a	1	0.588		
Continuity Correction ^b	0.03	1	0.862		
Likelihood Ratio	0.312	1	0.576		
Fisher's Exact Test				0.728	0.452
Linear-by-Linear Association	0.29	1	0.59		
N of Valid Cases ^b	87				

Source: Primary Data

Interpretation:

The Pearson Chi-Square value is 0.293 with a significance value of 0.588, which is greater than the standard threshold of 0.05. This indicates that there is no statistically significant association between Age and Awareness Levels of LIC policies. In other words, age does not play a crucial role in determining how aware an individual is about LIC's insurance plans. Since the p-value is high, we fail to reject the null hypothesis, meaning that awareness levels are evenly distributed across different age groups without significant variation.

2. To Find Out Relationship Between Income and Best Value Plan:

Table 3: Represents the Chi Square Tests between Income and Best Value Plan

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5.660 ^a	9	0.773
Likelihood Ratio	5.459	9	0.793
Linear-by-Linear Association	0.01	1	0.92
N of Valid Cases	150		

Interpretations:

The Pearson Chi-Square value is 5.660 with a significance level of 0.773, which is well above 0.05. This suggests that there is no statistically significant relationship between an individual's income level and their perception of the best value LIC plan. The high p-value indicates that income does not significantly affect how consumers evaluate and select LIC policies. Therefore, other factors such as policy features, premium amounts, or personal preferences might be influencing their decisions rather than just income levels.

3 ANOVA:

To Find Difference between Recruitment Method Vs. Candidate Income Vs. Coverage Beliefs:

Table 4: Represents the ANOVA analysis between Income and Coverage Beliefs

Coverage Beliefs	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3.124	3	1.041	2.872	0.038
Within Groups	52.936	146	0.363		
Total	56.06	149			

Interpretations:

The ANOVA test results indicate a significance value of 0.038, which is below the 0.05 threshold, suggesting a statistically significant difference in coverage beliefs across different income groups. This implies that people from varying

income levels have different perceptions of LIC's coverage benefits. A lower-income individual may prioritize affordability over comprehensive coverage, whereas a higher-income individual may be more inclined to choose policies with extensive coverage benefits. Since the F-value (2.872) is moderately high, it reinforces that income is a key factor in shaping coverage beliefs.*

4. Correlation:

To Find the Relationship Between Income and Important Factor:

Table 5: Represents the Correlation tests between Income and Important Factor

Test Factors	Correlation Type	Income	Important Factor
Income	Pearson Correlation	1	0.097
	Sig. (2-tailed)		0.237
	N	150	150
Important Factor	Pearson Correlation	0.097	1
	Sig. (2-tailed)	0.237	
	N	150	150

Interpretations:

The Pearson Correlation coefficient between Income and Important Factor is 0.097, with a significance value of 0.237. Since the p-value is greater than 0.05, the correlation is not statistically significant. This indicates that income level has a very weak and insignificant relationship with the factors that consumers consider important when choosing an LIC policy. Other determinants such as policy benefits, brand reputation, and agent recommendations might have a stronger influence on consumers' decisions rather than their income levels alone.

5. Regression:

To Find the Relationship Between Income and Purchase Influence:

Table 6: Represents the Regression analysis between Income and Purchase Influence

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.356	1	5.356	4.476	.036 ^a
	Residual	177.104	148	1.197		
	Total	182.46	149			

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.637	0.169		3.779	0
	Income	0.219	0.104	0.171	2.116	0.036

Interpretations:

The regression model has an F-value of 4.476 and a significance value of 0.036, which is below the 0.05 threshold, making the model statistically significant. The coefficient for Income is 0.219, meaning that as income increases, the influence on purchasing LIC policies also increases. The p-value of 0.036 confirms that this relationship is statistically significant, implying that higher-income individuals are more likely to be influenced by their income levels when deciding on LIC purchases. This suggests that income is an essential predictor of consumer behavior regarding life insurance investments. However, while income plays a role, other external factors such as marketing efforts, financial awareness, and perceived policy benefits may also contribute to the final purchase decision.

Findings:

The study reveals that while LIC enjoys high brand trust among consumers in Coimbatore, awareness about specific policy details, benefits, and terms remains limited. Demographic factors such as age, income, and financial literacy significantly influence consumer perceptions and decision-making. The statistical analyses indicate that income plays a role in shaping purchase influence and coverage beliefs, but does not significantly impact policy awareness levels or the perception of the best value plan. Additionally, digital marketing and AI-driven advisory tools are increasingly preferred by younger consumers, while older consumers rely more on LIC agents for policy selection.

Suggestions:

To enhance consumer awareness and perception, LIC should implement targeted financial literacy programs, digital marketing campaigns, and hybrid advisory models combining AI-driven tools with human expertise. Simplifying policy information, improving the user experience of LIC's mobile applications, and offering personalized insurance recommendations can help bridge the knowledge gap. LIC should also focus on customized marketing approaches to attract different consumer segments, particularly young professionals and first-time policy buyers, by highlighting affordability, tax benefits, and flexible coverage options.

Conclusion:

The study concludes that while LIC holds a strong reputation in the Indian insurance sector, consumer awareness gaps exist regarding policy details, features, and long-term benefits. Perceptions are shaped by multiple factors, including brand trust, affordability, and agent recommendations. The findings emphasize the need for LIC to adopt more dynamic consumer engagement strategies to improve awareness and policy adoption, ensuring that consumers make well-informed life insurance decisions. By leveraging digital innovations and financial education initiatives, LIC can strengthen its market position and enhance customer satisfaction in Coimbatore.

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