

Determinants of Policyholder Awareness and Premium Payment Modes: Study on Life Insurance Policies in LIC

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Abstract-- This study aims to identify the policyholder's awareness towards Life Insurance Policy and to find out their awareness regarding technology innovation in LIC. This study also shows how policyholders examine about the life insurance company policy in the Coimbatore district. About 470 samples were taken from the Coimbatore district population and analyzed using statistical tools like ANOVA and simple percentages. The result shows how policyholders are getting awareness regarding policy to shield their lives and families.

Keywords-- Policyholders, Insurance, Awareness and Innovation.

I. INTRODUCTION

The Life Insurance Corporation of India (LIC), established in 1956 through the nationalization of 245 insurance companies, is the largest government-owned insurance company. Insurers conceptualize, design, obtain approvals, and offer their products. In return for these products, the intended beneficiary is convinced to buy. Nowadays, consumers are increasingly comfortable using social media, mobile phones, and other items to get recommendations from friends, family, and colleagues, buy from wherever they are located, and share their experiences afterwards. LIC holds a solvency ratio of 1.8 and a claim settlement ratio of 98.74%, while SBI Life Insurance has paid claims amounting to over ₹ 2,44,120 crores and maintains 1,082 branches across India. The top 10 life insurance companies in India collectively manage annual premiums exceeding ₹ 4,74,668.14 crores, highlighting the critical role of life insurance in providing financial security and stability.

II. REVIEW OF LITERATURE

Patil et al. (2022) Evaluate consumer perception and awareness regarding health insurance during COVID-19. Pandemic heightened awareness and positively influenced perception toward health insurance. Study lacks longitudinal perspective.

Somasundari et al. (2021) Measure public awareness of insurance benefits during the pandemic and Public awareness exists, but tangible benefit understanding is insufficient; called for better communication strategies.

Chattha(2020)Examine consumer awareness of insurance distribution channels and also awareness gaps in distribution channels; inefficient insurer communication.

Namiya (2019) Investigate customer awareness and preference in life insurance and LIC dominates due to trust and historical presence; private sector needs targeted marketing; tax savings and policy types influence decisions.

Ganadevan et al. (2017) Measure awareness levels and investment-influencing factors for life insurance in Coimbatore City. Strong awareness driven by agents; security and service are key expectations and also lacked inferential statistical depth.

III. OBJECTIVES

1. To identify the level of policyholder awareness about the various insurance schemes available.
2. To identify the level of policyholder awareness about payment option in Life insurance policy.

IV. SOURCE AND METHODOLOGY

This study was conducted using primary and secondary sources. Primary data were collected through an online and offline survey with a structured questionnaire, and secondary data were collected through articles, magazines, journals, internet and research websites.

V. ANALYSIS AND INTERPRETATION

The research utilized a structured questionnaire distributed to 470 policyholders to gather pertinent data. The information obtained was systematically compiled and examined using statistical instruments, including ANOVA and simple percentage.



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VI. FINDINGS

Table: 1
Socio-Economic Profile of LIC Policyholders

Category	Sub Category	Data / Percentage	Insights
Gender	Female	53.2%	Indicates a female dominant sample
	Male	46.8%	Slightly lower male representation
Age	Below 30 years	46.8%	Young population dominates the sample
	31–45 years	32.1%	Represents mid career respondents
	Above 45 years	21.1%	Smaller share of older participants
Education	Postgraduates	47%	Highly educated respondent base
	Graduates	38%	Strong undergraduate presence
	Others	15%	Includes diploma/PUC/other qualifications
Occupation	Private employees	23%	Largest occupational group
	Self employed	19%	Reflects entrepreneurial segment
	Professionals	18%	Includes doctors, engineers, etc.
Monthly Income	Up to ₹ 25,000	62.6%	Majority fall in lower income bracket
	₹ 25,000–₹ 50,000	24.5%	Middle income representation
	Above ₹ 50,000	12.9%	Smaller high income group
Family Type	Nuclear families	72%	Indicates modern family structure dominance
	Joint families	28%	Traditional family setup still present
Policy Holdings	Single policy	61.3%	Majority prefer minimal diversification, indicating basic insurance adoption

	Two policies	28.9%	Shows a moderate segment exploring additional coverage
	Three or more policies	9.8%	Small group with high insurance awareness and broader risk coverage
Policy Tenure	Less than 5 years	47.7%	Indicates a newer customer base, possibly influenced by recent awareness or marketing
	6–10 years	32.3%	Represents stable, moderately experienced policyholders
	More than 10 years	20%	Reflects a loyal, long term customer segment.

Table:1 carry out the information regarding the demographic profile shows a slightly higher representation of female respondents (53.2%) compared to males (46.8%). A majority of respondents are below 30 years (46.8%), indicating a young sample base. Most respondents are highly educated, with postgraduates (47%) and graduates (38%) forming a major share.

Private employees (23%) constitute the largest occupational group. Income analysis reveals that 62.6% of respondents fall under the lower income category (up to ₹ 25,000). Nuclear families dominate the sample (72%). Most respondents (61.3%) hold only one insurance policy, suggesting basic insurance adoption. Nearly half of the respondents (47.7%) have policy tenure of less than five years, indicating a relatively new customer base.

Table:2
ANOVA Analysis in Awareness

Category	Variable / Sub Category	Value	Insights
Source of Awareness	Agents	65.5%	Primary awareness channel, showing strong agent-driven communication
	Friends/Relatives	22.1%	Indicates moderate social influence
	Media/Digital	12.4%	Lowest contribution, suggesting limited digital outreach
Awareness Scores (Descriptive)	Mean Score	73.12	Reflects overall good awareness among respondents
	Standard Deviation	14.56	Shows moderate variability in awareness levels
	Distribution	High (22%), Moderate (56%), Low (22%)	Majority fall under moderate awareness, indicating scope for improvement
Gender vs Awareness (t test)	Mean Scores	Female: 75.65; Male: 70.24	Females exhibit higher awareness
	t value	3.421	Indicates a statistically meaningful difference.
	p value	0.001	Highly significant, strong evidence against H ₀
	Result	Reject Null Hypothesis	Concludes females are significantly more aware
Income vs Awareness (ANOVA)	Groups	Low, Middle, High	Awareness differs across income categories
	F ratio	12.87	Indicates significant variation between income groups
	p value		Confirms statistical significance
	Post hoc (Tukey)	High income > others	High income respondents show superior awareness of bonuses.
Policy Tenure vs Awareness	Correlation (r)	0.456	Moderate positive relationship
	Insight	—	Longer tenure → greater product knowledge

Table: 2 represents the analysis shows that insurance agents are the primary source of awareness (65.5%), followed by friends and relatives (22.1%), while media and digital channels contribute the least (12.4%). The overall awareness level is good, with a mean score of 73.12 and moderate variability. A majority of respondents (56%) fall under the moderate awareness category.

The t-test results indicate that female respondents have significantly higher awareness than males ($p = 0.001$). ANOVA results reveal significant differences in awareness across income groups, with high-income respondents showing greater awareness. A moderate positive correlation ($r = 0.456$) exists between policy tenure and awareness, indicating that longer policy duration enhances product knowledge.

Table: 3
Awareness of Payment and Weighted Average Rank

Particulars	HA	A	NA	Total	Mean Score	Mean	Rank
Online Payment	238	181	51	470	1127	2.40	1
	714	362	51				
LIC Agent	233	168	69	470	1104	2.35	2
	699	336	69				
LIC Branch Office- Cash/ Cheque /DD	163	237	70	470	1033	2.20	3
	489	474	70				
Bill Payment Services	134	236	100	470	974	2.07	4
	402	472	100				
Auto Debit Facility (Electronic clearing service)	97	253	120	470	917	1.95	5
	291	506	120				

Table: 3 examine the policyholders' awareness of various payment methods and provides their weighted average ranks.

The table presents the number of policyholders aware of each payment method: online payment (238), auto debit facility (97), LIC agent (233), LIC branch office (163), and bill payment services (134). For each payment method, the total number of policyholders is 470. The mean awareness scores are as follows: online payment (72.40), auto debit facility (71.96), LIC agent (72.35), LIC branch office (71.20), and bill payment services (70.97). The rank order of awareness is provided, with online payment ranked highest (1), followed by auto debit facility (2), LIC agent (3), LIC branch office (4), and bill payment services (5).

The analysis indicates that online payment ranks highest in awareness among policyholders, with a mean score of 72.40. Auto debit facility (71.96) and LIC agent (72.35) follow closely behind.

Awareness of bill payment services is the lowest, with a mean score of 70.97, indicating a need for increased awareness efforts for these payment methods. The overall awareness scores are relatively close, indicating a moderate level of familiarity with various payment methods among policyholders.

The result of the weighted average rank test discloses that the majority of policyholders are aware of online payment facilities, followed by payment through LIC Agent, payment through LIC Branch Office, etc.,

VII. DISCUSSION

Research and Markets (2024) highlights an urgent need to cater to digitally savvy consumers. The low awareness of digital payment options, such as mobile apps (2.1%), empirically validates this gap in this study.



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Subjective norms, driven by the advice of agents and family, play a crucial role in shaping purchase intentions, a finding consistent with research by Sneha (2020) and Ganadevan et al., who highlighted the strong influence of agents and social networks.

VIII. RECOMMENDATIONS

For LIC

- *Accelerate and Deepen Digital Transformation:* Move beyond platform launches, such as ANANDA and Project DIVE, to ensure deep integration into agent workflows and customer service channels.
- Focus on creating a seamless omnichannel experience and promote digital payment options more aggressively to improve efficiency and customer convenience.
- *Empower and Upskill the Agency Force:* Invest heavily in continuous training for agents, focusing not just on sales but also on providing holistic financial advisory services, post-sale support, and clear communication of policy terms and conditions to address the "lack of policyholder orientation".

For Financial Institutions

- *Promote Bancassurance and Partnerships:* Banks and other financial institutions should strengthen their bancassurance channels by offering simplified insurance products and leveraging their existing customer relationships to improve insurance penetration. In this area, private players have a competitive edge.

IX. CONCLUSION

The research concludes that LIC's market dominance is not merely a function of its size but is deeply rooted in the psychological contract of trust and security it has forged with the Indian populace, a legacy of its government undertaking status. However, this foundational strength is being tested by significant challenges. The findings have empirically highlighted critical awareness on the areas of weakness, notably in service delivery, and a slow adoption of digital channels, leading to a palpable gap between customer expectations and experience.

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