

# An Overview of Study on Client Preferences Between Lic Vs Other Private Insurance Companies

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**Abstract**—This study provides an overview of client preferences between Life Insurance Corporation of India (LIC) and other private insurance companies. With the insurance sector witnessing increased competition and customer awareness, understanding client preferences has become critical for insurers aiming to retain and expand their market share. The research focuses on evaluating customer satisfaction, trust, service quality, and brand loyalty associated with LIC and its private competitors. Data was collected from 150 policyholders through structured questionnaires and analyzed using statistical tools including T-Test, ANOVA, and Chi-Square to examine the influence of demographic variables on client preferences. The findings reveal that factors such as income, occupation, and area of residence significantly influence customer choices, while age, gender, and education show minimal impact. Clients preferred LIC for its trust and long-standing reputation, while private insurers were appreciated for their faster service and digital convenience. The study concludes with strategic recommendations for both LIC and private insurers to enhance customer satisfaction, such as improving digital service delivery, offering personalized plans, and increasing transparency in policy benefits. These insights aim to support insurance providers in aligning their offerings with customer expectations and fostering long-term client relationships.

**Index Terms**—Life insurance, customer preference, service quality, demographic factors, policyholders.

## I. INTRODUCTION

Life insurance is a very important part of financial planning since it provides individuals and their families with income security. Life Insurance Corporation of India (LIC) has dominated the insurance industry for a good number of decades, largely due to the government backing, trust, and a high claim settlement ratio. There are now many

private players in the field, which have offered more choice to the consumer on the basis of competitive pricing, digital services, and innovative policy offerings. The present study would seek to assess consumer preference for LIC or private insurance providers, major factors affecting their decision such as trust, economy, returns, claim settlement process, digital accessibility, and customer care.

Life Insurance Corporation of India (LIC) is the most extensive and extensively trusted life insurance company in India. It was instituted on September 1, 1956, following the nationalization of 245 private insurance companies. The company has been imperative in assuring people's financial future in millions of Indian lives. Several components determine consumer buying behavior regarding Life Insurance Corporation of India (LIC)- financial security, investment benefits, risk perception, and, finally, trust in the brand. Understanding consumer decision-making while purchasing LIC policies will help craft better marketing strategies and create greater customer engagement.

Private insurance companies in India operate in the life insurance segment as well as the non-life insurance segment. Term insurance, health insurance, investment-linked policies, motor insurance, travel insurance, and corporate insurance solutions are among the products sold by such companies. Some of the leading private life insurance companies include HDFC Life, ICICI Prudential Life, SBI Life, Max Life, and Bajaj Allianz Life, whereas the top general insurers of India include ICICI Lombard, Bajaj Allianz General, and Tata AIG.

## II. STATEMENT OF THE PROBLEM

The insurance sector in India is a very competitive one where LIC competes with various private insurance

companies for consumer preference. Being a government-backed institution, LIC has a high reputation and strong trust among consumers while private insurers focus on new policy innovations, flexible premium options, and digital-first services to attract modern consumers.

Although consumers have ample options, it usually doesn't stop them from being influenced by other factors nonetheless, including brand trust, policy benefits, affordability, claim settlement efficiency, customer service, and technological improvements. There are some consumers who rightly prefer LIC because of its long-standing reliability, while on the other hand, there are those who lean more towards private insurers offered better investment returns and faster digital services.

### III. OBJECTIVE OF THE STUDY

- To assess the level of trust and loyalty towards LIC vs other private insurance companies.
- To compare customer satisfaction levels.

### IV. SCOPE OF THE STUDY

The study seeks to explore consumer preferences toward Life Insurance Corporation of India (LIC) and other private insurance companies in India. It attempts to analyze those influential factors based upon which customers choose any of these insurers regarding trust, policy benefits, affordability of premiums, claim settlement efficiency, digital services, and customer satisfaction.

### V. RESEARCH METHODOLOGY

A study conducted on people and policy holders in Tirupur is as follows. The method of the research adopts both primary and secondary data.

**Primary Data:** Collected through structured questionnaires and surveys from people and existing policyholders in Tirupur.

**Secondary Data:** Mostly from industry reports, IRDAI (Insurance Regulatory and Development Authority of India) reports, company websites, journals, and past research papers related to consumer behavior in the insurance sector.

**Sampling Method:** A convenience sampling technique will be used to source wide selection of policyholder responses to different questions.

**Data Analysis:** The data collected will be analyzed by applying statistical tools in order to find trends and patterns in buying behavior. Comparisons will be studied between LIC and Other private insurance companies along with preferences concerning those two options.

### PERIOD OF THE STUDY:

The study is conducted during December 2024 to March 2025.

### AREA OF THE STUDY:

The study was conducted among clients who have availed services at LIC & Other private insurance companies.

### STATISTICAL TOOLS USED FOR DATA ANALYSIS:

- Mean Rank Analysis
- Anova

### LIMITATIONS OF THE STUDY:

The study is subjected to the following limitations: The survey may not accurately reflect larger regional or national patterns because it is restricted to people who live in Tirupur.

The study uses data from self-reported surveys, which could be biased by respondents.

### VI. REVIEW OF LITERATURE

Prof. Satyajitsinh Gohil, Brijesh Vanya, Sandip Madam (2022) is the author of the The study titled "A Study on Consumer Preference towards LIC vs Other Insurance Companies" provides an insightful analysis of consumer preferences in the insurance sector. The research, conducted through a survey in Vadodara, indicates that LIC holds a dominant position in the market due to its government backing, trust and long-standing reputation. The findings reveal that 68% of respondents prefer LIC over private insurers, with brand image and company profile playing a significant role in investment decisions. The study also highlights that most consumers opt for life insurance policies that offer returns after a few years, and a majority prefer offline purchasing modes. While LIC remains the

most trusted insurer, the research suggests that companies should enhance awareness efforts and improve financial advisory services to better serve consumers. The study concludes that brand perception, financial security, and return on investment are the primary factors influencing consumer preferences in life insurance selection.

Dr. Raju. V1, Dr.P.Periyasamy 2, Mr.Tinto tom3, Dr.K. Sivasubramanian4. (2020) is the author of the research project, "A Study on Customer Preferences in Life Insurance Industry in India," provides valuable insights into consumer behavior, satisfaction levels, and preferences in the insurance sector. The study is well-structured, employing a survey-based approach with a sample of 192 respondents from Bangalore. It highlights the dominance of LIC over private insurers and identifies protection as the primary reason for purchasing insurance policies. While the study effectively captures market trends and demographic influences, its reliance on convenience sampling and limited geographic scope somewhat restricts its broader applicability. Additionally, a more in-depth comparison of private insurers' advantages and customer satisfaction factors would enhance the analysis. Overall, the project is informative and relevant but could benefit from a more diverse sample and actionable recommendations.

Reenu Lulla and Monu Bhargava (2015) A Comparative Analysis between Public Sector and Private Sector Companies” found that the overall size of LIC is much more than that of all private insurance

companies. To improve the customer satisfaction levels, the public sector needs to provide customer information about insurers’ prices, products, and financial strength to ensure good market performance. They need to improve their systems and practice to the expected levels, then only customers will prefer them over the new players and the private sector insurance companies should ensure prompt and efficient after-sales service to their customers so that they can retain their customer loyalty and prevent them from switching to other competitors.

Sahu P; Jaiswal G and Pandey V (2009) conducted a survey on 150 respondents to determine the attributes affecting buying behaviour of consumers, investment pattern in life insurance services and compare the differences in consumer perception of male and female consumers. In their study they found that there 6 factors which affect the buying behaviour while purchasing life insurance policies namely consumer loyalty, service quality, ease of procedures, satisfaction level, company image and company client relationship. There is no difference between the perception of male and female preferences.

DATA ANALYSIS:

ANOVA AND t-TEST:

Relationship between demographic profile and level of customer satisfaction and grievance redressal mechanism:

HYPOTHESIS:

There is no significance difference between demographic factors and Grievance redressal mechanism

Variables	Group	Mean	SD	No.	t-value	F-Value	Table Value	Sig
Level of Staff Support	Age	2.89-3.21	1.197-1.562	150	-	0.476	0.753	No
Level of Follow-up	Age	2.96-3.21	1.307-1.555	150	-	1.039	0.389	No
Level of Problem Solving	Gender	3.03, 3.00	1.418, 1.320	150	0.151	-	0.880	No
Level of Proper Communication	Gender	2.87, 2.89	1.554, 1.233	150	-0.065	-	0.948	No
Low Premiums	Monthly Income	2.73-3.33	1.269-1.495	150	-	1.069	0.374	No

Grievance Redressal Mechanism	Occupation	2.65-3.38	1.237-1.605	150	-	0.769	0.547	No
Grievance Redressal Mechanism	Education	2.78-3.30	1.251-1.510	150	-	0.705	0.590	No
Grievance Redressal Mechanism	Area of Residence	2.86, 3.19	1.448, 1.276	150	-1.498	2.244	0.136	No
Grievance Redressal Mechanism	Gender	3.03, 3.00	1.418, 1.320	150	0.151	-	0.880	No
Grievance Redressal Mechanism	Monthly Income	2.73-3.50	1.273-1.552	150	-	2.553	0.042	Yes

VII. INTERPRETATION

The t-test and ANOVA analyses reveal that, with the exception of monthly income, none of the examined demographic variables—including age ( $F = 0.476, p = 0.753$ ), gender ( $t = 0.151, p = 0.880$ ), education ( $F = 0.705, p = 0.590$ ), occupation ( $F = 0.769, p = 0.547$ ), and area of residence ( $t = -1.498, p = 0.136$ )—exert a statistically significant influence on the outcome variables measured. While slight variations in mean scores were observed across groups (e.g., rural residents reported higher scores [ $M = 3.19$ ] than urban

residents [ $M = 2.86$ ], and business owners [ $M = 3.38$ ] rated higher than government employees [ $M = 2.80$ ]), these differences were not statistically meaningful. The only significant finding emerged in relation to monthly income and perceptions of the grievance redressal mechanism ( $F = 2.553, p = 0.042$ ), indicating that individuals with higher income levels reported more favorable evaluations ( $M = 3.50$ ) compared to lower-income groups ( $M = 2.73$ ). Therefore, it can be concluded that monthly income is the only demographic variable with a statistically significant impact, while all others show no meaningful effect.

MEAN RANK ANALYSIS

Mean rank Analysis of factors considered When choosing LIC over other Private Insurance Companies.

Factors	Mean Rank	Actual rank
Price	5.61	6
Quality	5.35	3
Brand	5.46	4
Policy value	5.70	7
Family preference	5.83	9
Safety features	5.47	5
Customer service and support	5.35	2
Reviews and recommendations	5.81	8
Policy options	5.25	1
Ease of future help	5.83	10

## INTERPRETATION

It is seen from the above Table that, the factors considered while selecting policies, namely, 'Policy options' (Mean 5.25) have gained the top priority in ranking by the respondents, followed by 'Customer service and support' (Mean 5.35), 'Quality' (Mean 5.35), 'Brand' (Mean 5.46), and 'Safety features' (Mean 5.47). The factors 'Price' (Mean 5.61), 'Policy value' (Mean 5.70), 'Reviews and recommendations' (Mean 5.81), 'Family preference' (Mean 5.83), and 'Ease of future help' (Mean 5.83) were ranked lower in importance. Hence, it is inferred from the Table that 'Policy options' have received the highest importance with the lowest mean rank of 5.25, while 'Ease of future help' and 'Family preference' have obtained the lowest importance with the highest mean rank of 5.83.

## VIII. FINDINGS

### ANOVA AND t-TEST:

LIC vs Private Insurers: LIC continues to enjoy higher trust due to its government association, whereas private insurers gain trust by offering innovative products and superior customer service.

### RANK ANALYSIS:

Customer Service and Support: Customer service and post-sale support are highly prioritized, with private insurers often rated higher for quicker responses and digital service options compared to LIC's traditional service channels.

Quality and Brand Reputation: LIC's long-standing reputation and trust in the market give it an advantage in terms of perceived reliability, whereas private insurers attract customers with innovative product offerings and modern service models.

## IX. SUGGESTIONS

- To enhance consumer satisfaction and improve experiences with both LIC and private insurance providers, several suggestions are provided. By implementing these recommendations, insurance companies can better cater to evolving consumer preferences and build stronger relationships with their customers.
- Trust plays a crucial role in influencing client preferences between LIC and other private

insurance companies. Being a government-backed institution, LIC often enjoys a higher level of inherent trust among customers, especially older generations who associate it with stability and reliability. Clients tend to view LIC as more dependable due to its long-standing history, high claim settlement ratio, and strong public image. In contrast, private insurers, though often more technologically advanced and customer-centric, sometimes face skepticism regarding their long-term commitment and transparency. Factors such as claim settlement experience, clarity in policy terms, agent behavior, and digital service quality significantly impact trust levels. Ultimately, while private insurers are gaining ground through innovation and aggressive marketing, trust remains a key differentiator where LIC continues to hold a strong advantage in the eyes of many policyholders.

## X. CONCLUSION

Demographic factors such as location and digital literacy affect consumer preferences, particularly in terms of trust in online policy purchases. Urban consumers demonstrate higher trust in e-commerce platforms and online policy purchases, whereas rural consumers remain more cautious, indicating the need for increased awareness and digital trust-building initiatives. Additionally, family members, particularly spouses and parents, play an essential role in influencing policy decisions, underscoring the importance of targeting these groups through personalized marketing and service approaches.

In conclusion, the research highlights the need for LIC and private insurers to enhance policy options, customer service, and transparency to improve customer satisfaction and build long-term trust. Targeted marketing strategies should be adopted to appeal to younger, digitally aware consumers while maintaining trust among traditional policyholders. E-commerce platforms should prioritize building digital trust among rural consumers by ensuring clear product information, secure transactions, and reliable customer support.

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