

# An Empirical Study on after Sale Service of LIC with the Thrust on Agents' Ability after COVID-19

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## Abstract

The present study deals with the after sale service of Life Insurance Corporation of India (LIC) with the thrust on agents' ability after COVID-19. The study has been conducted on a selected branch of LIC of West Bengal (WB), purely based on primarily data collected from agents, policyholders, and administrative personnel of that branch. A sample of 21 agents and 210 policyholders has been selected at random basis for the purpose of the study. Two types of questionnaires have been used to collect primary data. Some statistical techniques viz., correlation coefficient, coefficient of determinant, t-test, paired t-test, Chi-square test have been used to analyse the data. The study reveals that the after sale service of the selected branch is being hampered after COVID-19, though agents' ability to secure business continues efficiently.

**Keywords:** LIC, After Sale Service, Business Securing Ability, Social Familiarity, Illegal Advantage, Behaviour

## Introduction

“COVID-19” or Coronavirus is a notorious virus which has caused pandemic worldwide. At present, it is not unfamiliar to human being due to its devastation. At first, COVID-19 originated and spread in the state of Wuhan in China in the months of December 2019. Subsequently, it spread to the countries in Europe, America, Africa and, Asia, causing worldwide misery and devastation. Almost 213 countries and territories around the world have reported a total of 75,282,798 confirmed cases of the coronavirus, and a death toll of till date. Top six largely affected countries by COVID-19 in the world are: the

USA, Brazil, Russia, Spain, UK, and India. No specific drug or vaccine has yet been invented to control the spread of COVID-19. Some restrictions such as lockdown, social distancing, compulsory using of mask, sanitizer, hand washing, and maintenance of new life style are the tools that are being used to combat the pandemic. There is no light of hope to arrest the mutations of the virus so far except waiting for herd immunity. This unprecedented phenomenon has simultaneously created many social, economic, and psychological problems, seriously impacting the humanity as a whole.

Agents are the pillars as well as the basic foundation stones of LIC. Their active participation makes the corporation not only strong but also helps occasionally in drawing up a number of beneficiary schemes that lead to achieve the objectives of a true public-utility concern in service sector, both in social as well as financial arena. They act as the first-line under writer on behalf of the corporation. These market operators prepare a bridge between customers and the corporation. They become the ambassador or PRO of the corporation. Agents are the mouthpiece of LIC. Therefore, it is not an exaggeration to say that the appointment of agents are sine-qua-non in a service sector unit namely, LIC. In the present study, we will try to judge the after sale service of LIC with the thrust on agents' ability after COVID-19.

## Review of Literature

Although the previous research works on the LIC are not directly related to the present work, but a number of academics have conducted their research work on the related fields. According to Graham (1997), there are 24 ways to increase the LIC's sales. The primary

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goal is to create conditions so that the customer will want what the LIC sells. R. N. Malhotra, Chairman, Committee on Reforms in Insurance Sector (1994), had conducted a survey and arrived at the conclusion that the agency organisation has also registered growth and the number of active agents has increased from 1,23,221 to 4,95,745 between 1983 and 1993, an increase of about 300%. During 1973-1983, the number of active agents actually decreased by about 31,000 i.e., by about 20%. The recruitment of development officers after 1981 had led to an increase in the business of the LIC. But requisite attention and importance have not been given to the training and professional development of agents. Consequently, a very large number of agents are recruited and terminated every year in a routine manner. MARG survey shows that agents and development officers are not showing much interest in after-sale-services. In his study, Debnath (1996) confirms that it is a reality that the customer has become the 'King'. Agents' services should be customer-friendly. The Corporation needs to recruit only those who will take up agency as a whole-time occupation; because in a competitive environment, the agents with an amateurish attitude will not survive. Agents who like to retain the profession, will have to work much harder and keep in constant touch with the clients and to render the services they desire. But tomorrow's agents should develop knowledge not only about their own products but also about the products of their rivals. Dasgupta (1996) recommends in his study that the LIC should keep in mind that now-a-days people are talking not merely of customers' satisfaction but customers' delight. Planning Department of the Calcutta Suburban Division of the LIC conducted a special study on repudiated death claims (1995-1996) and came to the conclusion that a proposer must know the responsibility of giving details of his/her particulars on different questionnaire as mentioned in a proposal form and here the role of the agents and development officers is immensely important. The agents happen to be the first line underwriters, while the development officers are supposed to know the customers' need vis-à-vis the LIC's role in extending the insurance cover better through a varied experience of the market. If, therefore, everybody keeps himself alert at the time of accepting a proposal the number of repudiations can be minimised further and by doing this the image of the LIC will be protected. Manjure (1996) shows in his research work that 'Building a man' is the job of the development officers. Life insurance agency is a very

responsible occupation. So, the selection of suitable agents is imperative so as to maintain reputation and image of the corporation. Development officers are the 'Agency managers'; their conduct, knowledge, expertise, and professionalism are meant for influencing their agents. They should develop such abilities in them as to create professionals, because their role is the most important in field underwriting. Kalpakam and Vijayalakshmi (1997) mentioned in their study that the stress level of managers is considerably high due to conflicting demands made on them by their team members, especially the significant ones. In his article, Bandyopadhyay (1997) suggests that to achieve excellence, the LIC has to examine: (a) customers' delight, (b) satisfied internal customer, (c) people-focused approach, (d) a questioning alert and proactive office to meet the future challenges, (e) improvement in customers' service, and (f) fullest possible use of IT (information technology). Dhar (1997) argues that if the four keys of market driven organisation viz., belief & values, organisational structure and system, strategic development process, and supporting programmes etc. are identified, the corporation will surely do well in the days of intense competition by a large number of players in the context of opening of Indian insurance sector in liberalised economy. It will not be difficult for the LIC to find out not only his competitors' strength and weakness but also a sound, consistent and significant growth path, and a solid contribution to the life insurance market of the great country. Hence, market driven organisation's response to the customers is the main thrust area for the LIC in the present decade. Saminathan (1997) explains in his study that the executive of the traumatic 21<sup>st</sup> century requires lifelong exercises not only on the physical fitness machine, but on the mental fitness machine. In effect, the executive of tomorrow will have to be a life-long learner. Mishra (1998) has highlighted the performance of the LIC and the General Insurance Corporation of India (GIC) and he has come out with the conclusion that privatisation of insurance industry is in no way desirable. The author is most neutral and has analysed the subject purely on merit, which confirms the Federation's viewpoint. An empirical study conducted by Chakrabarty and Mallik (1999) indicates that judicious selection of agents and the service criteria can have impact on the business performance of the LIC branches. In another study Chakrabarty and Mallik (2001) conclude that the LIC is the only organisation that deals with life insurance business in this country, there is no scope for

any direct competition. But in respect of tapping the household savings, the LIC is used to face competition. To explain the meaning and importance of training in his article, Mundra (2004) identified the word ‘training’ which consists of eight letters, to each of which could be attributed some significant meanings in the following manner: (i) T: Talent and Tenacity, (ii) R: Reinforcement, (iii) A: Awareness, (iv) I: Interest, (v) N: Novelties, (vi) I: Intensity, (vii) N: Nurturing, and (viii) G: Grip. Training, obviously, does become an essential and inevitable factor for anyone who still finds himself/herself in the process of achieving excellence in his/her own sphere of work. In his work, Vashishtha (2004) stresses upon one common factor, that is, relationship and trust. This is the source of strength and growth. So, it should properly be nurtured to take the LIC to new unprecedented heights. Namasivayam et al. (2006) studied the socioeconomic factors of policy procuring and performance of agents. They found that income level, occupation & family size are significant in this regard. In his study Kunjalsinha (2013) revealed that loyalty based customer service should be the quality service of a customer focused organisation. Rajeshwari and Karthesswari (2012), in their study, stated that though majority (82%) of the policyholders paid insurance regularly; but lapsed policyholders fail to do that due to financial difficulties.

In the present study we have proposed to assess the status of after sale service of LIC after COVID-19 with the thrust on agents’ ability. So far knowledge goes, such type of research work is scarce in the studied area.

## Statement of the Problem

“To judge the after sale service of LIC, Krishnanagar Branch, Nadia, WB, with the thrust on agents’ ability after COVID-19”.

## Objective of the study

The focus of the present work is to study the relationship between

- D.Os/ABM (Sales) opinion and policyholders’ opinion as to service being rendered by their agents and the significance of the relationship.
- Agents’ social familiarity and business securing ability and the significance of the relationship.

- Agents’ illegal advantage and their business securing ability and the significance of the relationship.
- Behaviour of agents’ and their business securing ability and the significance of the relationship.

Apart from these, attempt has been made to study the influence of the agents’ sexual status on their business securing ability.

## Hypothesis

Following null hypotheses have been formulated to realise the objectives of the firm:

- There exists no significant relationship between (i) D.Os/ABM (Sales) and policyholders’ opinion to agents’ service, (ii) agents’ business securing ability and (a) social familiarity (b) illegal advantage offered by them, (c) their behaviour.
- D.Os/ABM (Sales) and policy holders are not significantly differing in their opinion to agents’ service.
- Sexual status of the agents and their business securing ability are independent to each other.

## Description of Attributes

- *Service*: A service is the result of applying human or mechanical efforts to people or objects. Service is intangible product involving a deed, a performance or an effort which cannot be physically possessed (Dibb et al., 1991). In the present study, ‘after sale service’ is emphasised. It includes timely information to customer about their premium dues, timely collection of renewal-premium at the request of the customer, timely presence in their problem if any, think about the clients’ tax affairs and guide them. It needs to be remembered that “service-leads to sales and not vice versa. The true test is after the sale. Always be there even if it is not expected.” In the present study, after sale service has been selected as the independent attribute.
- *Social Familiarity*: In the present study ‘social familiarity’ of an agent has been selected as independent attribute. Social familiarity means social acquaintance of the agents in locality. As it is a direct person-contact business, agents who acquire high degree of familiarity in their locality have a probability of securing large amount of business. If agent is a political person, social worker or otherwise

familiar in the locality, they have a greater chance of success in this profession.

- *Illegal Advantages*: In the present study, 'illegal advantage' offered by the agents has been selected as independent attribute. Illegal advantage means those advantages which are offered to customer at the time of sale or servicing, beyond corporation rules. It includes rebate allowed from own commission, deposition of policyholders' premium at the time of their financial crisis etc. Corporation's view on the same is: "I consider it my responsibility to strictly adhere to laws and regulations and to observe them in letter and spirit."
- *Behaviour*: In the present study, 'behaviour' of agents has been selected as independent attribute. Behaviour means how an agent conduct with their customer at the time of policy sale or servicing. Individual behaviour is specially emphasised here. If their behaviour is very irritating, unpleasant unimpressive, they will be thrown away by the customer. Agent with opposite behaviour will be welcomed with red carpet by their customers. Agents must remember, "he is a consultant, his conduct and behaviour must be above board and par excellence."
- *Business Securing Ability*: In the present study, 'business securing ability' of the agents has been selected as the only dependent attribute. Business securing ability means the agents competency in securing new business.

## Methodology

*Selection of Sample*: The study has been conducted on LIC agents of Krishnanagar Branch, Nadia, WB, residing in rural and urban areas. Random sample of 21 agents including 2 direct agents are selected assuming true representative of the total population. They belong to 3 D.Os out of 10 of the Branch. Direct agents belong to ABM (Sales). Random sample of 10 policyholders are selected of each agent to get their opinion as to agents-service. Sample size of policyholders is 210.

*Selection and Description of Tools*: Maintaining COVID-19 rule, primary data have been collected by the investigator, in person, visiting policyholders door to door, D.Os and ABM (Sales) using two types of questionnaires. Data have also been collected from policyholders, S.B.M, A.B.M (Sales) and D.Os by direct interviews. These are discussed below:

- *Questionnaire for Policyholders*: Since the policyholders are little concerned about their agents, the questionnaire is prepared emphasising service aspect only of the agents. Policyholders' residential status are also included as an item of the questionnaire. It is a short size, structured, close ended questionnaire. There are three scales of opinion (good, bad, moderate) having different scores for each of them. The intention of the investigator is to collect opinion of the policyholders as to service rendered by the agents to them. The medium of the questionnaire is in Bengali for easy communication.
- *Questionnaire for D.Os/ABM(Sales)*: The D.Os/ABM(Sales) are much concerned about their agents. The questionnaire has been prepared emphasising agents' business, service, behaviour, and other aspects. It is a structured and close ended questionnaire. The opinions of the D.Os/ABM (Sales) are collected in three point scale—good, bad, moderate. Each item of the questionnaire is subjected to three options (good, bad, moderate) of opinion. It is a big sized questionnaire, containing as many as 14 questions, 21 sets of questionnaires are prepared for each sample agents. The medium of questionnaire is in Bengali for easy communication.
- *Direct Interview*: It is a negligible part of the data collection. Direct interviews has been conducted by the investigator with the SBM and ABM(s) to collect administrative information about the branch particularly on claim settlement and branch's business performance during 'New Normal' period. Direct interviews has also been conducted with the agents on different aspects of their job.

*Collection of Data*: Maintaining COVID-19 rule properly, the data have been collected directly from 210 policyholders, 3 D.Os and ABM (sales) by the investigator personally. Respondents are requested to give their free and frank opinion which will be kept secret.

*Tabulation and Scoring of Data*: The collected primary using two types of questionnaires has been compiled in a suitable sheet prepared for the purpose. Keeping in mind the 'Likert Scoring Technique' data has been scored as follows:

- *Policyholders Questionnaire*: There is only one important question on agent's after sale service subjected to answer one of the three options—good,

bad, moderate. Score point 8 is allotted for each 'good' opinion, 6 is allotted for each 'moderate' opinion; and 4 is allotted for each 'bad' opinion. Using and adding these scores, a single score is found out for each agent which quantitatively represents the opinion of policyholders about their agents' service.

- *D.Os and ABM (Sales) Questionnaire:* In this questionnaire, there are 14 questions on agents' business, service, behaviour, and social familiarity etc. The options for respondents are: good, bad, moderate. Score point 8 is allotted for each 'good' opinion, 6 is allotted for each 'moderate' opinion, and 4 is allotted for each 'bad' opinion. In order to make the comparison comparable between D.Os and ABM (Sales) and policyholders' opinion to their agent's service, score stated are being changed to 80 instead of 8 for good, 60 instead of 6 for moderate and 40 instead of 4 for bad.
- *Statistical Technique Used:* Rank correlation coefficients ( $\rho$ ) has been used to study the relationship between (i) D.Os and ABM's (Sales) opinion and policyholders to service rendered by their agents, (ii) Social familiarity and business securing ability of the agents, (iii) Illegal advantages offered by the agents and their business securing ability, (iv) Agents behaviour and their business securing ability. Co-efficient of determination ( $\rho^2$ ) has been used in most of the cases to indicate the percentage variation in the dependent attribute which was accounted for by the independent attribute. 'T-Value' of rank

correlation co-efficient ( $\rho$ ) have been computed to judge the significant of these relationships. Test has been made at 5% significance level in general and at 10% in a single case. 'Paired t-test' has been used to judge the significant difference between opinion of D.Os and ABM (Sales) and policyholders to the service sundered by the agents. Test has been made at 10% significance level. Chi-Square ( $X^2$ ) [Yates' correctional] has also been calculated for each case.

## Finding

- Table 1 shows the rank correlation coefficient ( $\rho$ ) between opinion given by the D.Os and ABM (Sales) and policyholders to their agents' service is found to be .30. Calculated 't-value' of ' $\rho$ ' is 1.64. Table value (critical value) of 't' at 10% significance level of 19 degrees of freedom is 1.73. Hence, null hypothesis is accepted.
- Table 1 depicts the rank correlation coefficient ( $\rho$ ) between agents' social familiarity and business securing ability is .39. Coefficient of determination ( $\rho^2$ ) is 15%. Calculated 't-value' of ' $\rho$ ' is 1.84. Table of 19 degrees of freedom is 2.09. Hence, null hypothesis is accepted.
- Table 1 portrays the rank correlation coefficient ( $\rho$ ) between 'illegal advantage' given by the agents to the policyholders and business securing ability of them is .43. Coefficient of determination ( $\rho^2$ ) is 19%. Calculated 't-value' of ' $\rho$ ' is 2.10. Table value of 't' at 5% significance level of 19 degrees of freedom is 2.09. Hence, the alternative hypothesis is accepted.

**Table 1: Results of T-Tests of Rank Correlation Coefficients**

Attributes	Rank Correlation Coefficient ( $\rho$ )	Coefficient of Determination ( $\rho^2$ )	Calculated 't-Value' of ' $\rho$ '	Table value (Critical Value) of 't' at 5% Level	Degrees of Freedom (D.F)	Hypothesis Accepted/ Rejected (Ho/Ha)
1.DOs/ABM vs. PHs Opinion on 'After Sale Service' (ASS)	.30	----	1.64	1.73	19	Ho
2. Social Familiarity vs. Business Securing Ability (BSA)	.39	15%	1.84	2.09	19	Ho
3. Illegal Advantage vs. BSA	.43	19%	2.10	2.09	19	Ha
4. Behaviour vs. BSA	.50	26%	5.64	2.09	19	Ha

Source: Compiled by Author.

**Table 2: Results of Paired T-Test**

Attributes	Arithmetic Mean (D)	Standard Error of Difference (SE)	Calculated Value of Paired 't'	Table Value of 't' at 10% Significance Level of 19 df	Hypothesis Accepted/ Rejected (Ho/Ha)
1. Opinion of D.Os & ABM (Sales) and policyholders to service (ASS)	1.61	3.44	1.88	1.73	Ha

Source: Compiled by Author.

**Table 3: Results of Chi-Square ( $\chi^2$ ) Test**

Attribute	Calculated Value of Chi-Square ( $\chi^2$ )	Table Value of Chi-Square ( $\chi^2$ ) at 5% Significance Level of 2 d.f	Calculated Value of Chi-Square ( $\chi^2$ )	Hypothesis Accepted/Rejected (Ho/Ha)
1. Agents sexual status and Agents' business securing ability	.91	5.99	.19	Ho

Source: Compiled by Author

- Table 1 displays the rank correlation coefficient ( $\rho$ ) between behaviour of the agents and their business securing ability of them is .50. Coefficient of determination ( $\rho^2$ ) is 26%. Calculated 't-value' of ' $\rho$ ' is 5.64. Table value of 't' at 5% significance level of 19 degrees of freedom is 2.09. Hence, the alternative hypothesis is accepted.
- 'Paired t-test' has been used to judge the difference between opinion of D.Os and ABM (Sales) and policyholders to service rendered by the agents are significant or not. In this case, Table 2 shows calculated value of (a) arithmetic mean (D) is 1.61 (b) standard error of difference is 3.44 and calculated value of paired 't' is 1.88. Table value of 't' at 10% significance level of 19 degrees of freedom is 1.73. Hence, the alternative hypothesis is accepted.
- Table 3 shows the calculated value of Chi-Square ( $\chi^2$ ) of two attributes – (a) agents' sexual status and (b) agents business securing ability (rating) is .91 after Yates' correction the value stands as .19. Table value of  $\chi^2$  at 5% significance level of 2 degrees of freedom is 5.99.

## Conclusions

The study reveals that there exists a negligible relationship between opinion of D.Os and ABM (Sales) and policyholders on their agents' service. This relationship of opinion is not significant at all. The study reveals that 'after sale service' of LIC of the selected branch is being

hampered after COVID-19 period. Agents' business securing ability does not significantly depends on their social familiarity. Though there exists a negligible relationship between agents' business securing ability and social familiarity, but it is not significant at all. Study reveals that only 13% of the variation in the business securing ability of the agents is due to social familiarity of them. It was found that agents' business securing ability does significantly depend on 'illegal advantages' offered by them. There exists a significant relationship between agents' business securing ability and illegal advantages offered by them. Study reveals that 21% of the variation in the business securing ability of the agents is due to 'illegal advantage offered by them. It also proved that there exists a significant relationship between agents' business securing ability and their behaviour to policyholders. Agents' business securing ability does significantly depend on their behaviour to policyholders. There is 28% of the variation in business securing ability of the agents caused because of their behaviour to policyholders. D.Os and ABM (Sales) and policyholders are significantly differing in their opinion to service rendered by their agents. They are not very close to their opinion. Sexual status of the agents has no influence on their business securing ability. Both male and female agents have equal business securing ability.

## Limitation of the Study

The study is based on primarily data, collected from sample agents, policyholders and administrative

personnel of a selected branch of LIC within the jurisdiction of West Bengal. It's a small sample study, hence the outcome of the study should not be generalised.

## Implications of the Study

The study reveals a number of weaknesses of the branch during the COVID-19 period. In order to rectify these weaknesses following recommendations have been made:

- D.Os should require to pay more time and attention, by taking any steps to improve their agents after sale service to policyholders at present.
- D.Os should not bother about the agents' social familiarity at the time of their selection.
- Though it is illegal from the view of LIC to offer illegal advantage' to policyholders, it however, has a very positive impact on agents' business collection. Hence, administration should seriously think about this matter.
- At the time of selection of agents, D.Os must select that person whose behaviour, conduct to each person is very good. Because agents' behaviour have a very positive impact on their business securing ability.
- D.Os can select agents' indiscriminating their gender status. Because gender status of agents have no influence on their business securing ability of the agents.

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