

ASSESSMENT OF LIFE INSURANCE SERVICE QUALITY DIMENSIONS AND CUSTOMER SATISFACTION THROUGH THE SERVPERF MODEL

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ABSTRACT

The present research focused on assessing the life insurance service quality and customer satisfaction through the SERVPERF model. In the wake of Liberalization, privatization, and Globalization (LPG) has significantly impacted the insurance industry in India. This leads to the emergence of private and foreign players in the country. The private and foreign insurance companies established in the country provide effective service using the latest technology. All foreign players operated in India through joint ventures with private players. In this cutthroat competition among life insurance companies, consumers are very much aware of the alternatives available concerning services and the provider organization. Now consumer expectations are rising, and service provider organizations should be aware of these expectations. The present study's objective is to compare and analyze the service quality perception of customers about public and private sector life insurers through the SERVPERF model. A total of 400 respondents completed the field survey conducted in Chennai city. Out of 400 respondents, 100 were from LIC, and the rest 300 respondents were from private sector life insurance companies of ICICI Prudential, SBI Life, and HDFC Life Insurance Company Limited. The private players have been adopted based on their market share. The collected data are analyzed with the help of SPSS package version 21. Based on the analysis researcher found that both public and private sector life insurers offered quality services to customers equally.

Keywords: Life Insurance, Service Quality, Customer Service, And Customer Satisfaction



1. INTRODUCTION

Insurance is primarily a social device adopted by civilized society to mitigate the incidence of loss of income to families through unforeseen contingencies. In India, when life insurance companies started operating in the middle of the 20th century, the evil play natural to all businesses had its sway. There was much cutthroat competition as well as profiteering. The confirmed social objective of insurance had been relegated to the background. As a result, the Life Insurance

Corporation of India (LIC) came into existence on 1st September 1956 after nationalizing all the 245 companies engaged in the life insurance business. The Corporation has made impressive growth since its inception, always striving for further improvement. However, the Government made a paradigm shift in the economic policy by adopting the liberalization, privatization, and globalization process at the end of the previous decade. Consequently, a committee was set up under Mr. Malholtra, Ex-governor of RBI, for undertaking various reforms in the insurance sector in light of the new economic policy. The Committee, which submitted its report in 1993, recommended the establishment of a particular regulatory agency along the lines of SEBI and opening the insurance industry for the private sector. This was aggressively opposed by the various trade unions of the operating insurance companies, which led to some delays in implementing the Malhotra Committee's recommendations. However, the Government passed Insurance Regulatory and Development Authority (IRDA) Act in 1999 and established IRDA to regulate the insurance business in the country. As a result, the private sector was allowed entry into India's general and life insurance sectors. IRDA also allowed foreign participation up to 26 percent in equity shareholding of private companies. As a result, many companies (in general and life insurance) registered themselves with IRDA to operate in India. Presently, twenty-four life insurance companies are operating in India. Of these, one is a public sector insurance company, and twenty-two is a private sector insurance company. It has provided the customers of insurance companies with a wide range of choices. To maintain the customer base, Insurance companies now focus on service quality so that customers remain satisfied. With the phenomenal increase in the country's population and the increased demand for insurance services, speed, service quality, and customer satisfaction will be key differentiators for each company's success. Good business growth is achievable only with good customer service and a good image of insurers. Various committees have gone into the problems in great detail and made recommendations, many of which have been implemented. Despite so many measures initiated at various levels to improve the standard of customer service, the level of satisfaction perceived by various segments of customers has been low, and they feel private insurers render better service than public insurers. The measurement of customer service is a prerequisite for improving customer satisfaction. Hence a descriptive study has been conducted by the researcher to find the Life insurer's service quality and customer satisfaction in Chennai's public and private sector insurance companies.

2. REVIEW OF LITERATURE

[Park and Lee \(2022\)](#) expressed that there is motivation to involve the two-indicator imitation as well as SERVQUAL and SERVPERF for procuring critical encounters in help quality. [Limna and Kraiwanit \(2022\)](#) described SERVQUAL Model (tangibles, reliability, responsiveness, assurance, and empathy) that influenced customer satisfaction and loyalty. The ramifications could help insurance agency directors and organizations develop assistance quality to answer clients' requirements and assumptions and increment consumer loyalty and faithfulness. [Fattah et al. \(2021\)](#) show that insurance companies should lay out connections among backup plans and clients by giving superb SQ to keep up with CS and dependability. [Yuvaraj and Rajendiran \(2020\)](#) approved the connection between the SQ aspect and consumer loyalty in disaster protection. It is closed from the examination that there are eight components of administration quality, and consumer loyalty predominantly relies on the best assistance proposed to their

clients. [Paposa et al. \(2019\)](#) affirms that the nature of administrations altogether influences consumer loyalty in the extra security industry. The two most critical segment factors influencing administration quality insight are age and occupation. From an administrative point of view, the examination gives a superior comprehension of how clients access quality help and the boundaries that specialist organizations need to deal with while conveying administration. [Ramamoorthy et al. \(2018\)](#) established that reliability and responsiveness are key service quality dimensions. Reliable and responsive client service affected consumer loyalty and conduct expectations in the Indian life coverage industry. [Sami \(2017\)](#) portrayed a tremendous distinction between administration quality and client discernment towards dependability and responsiveness. In any case, there is no contrast between the help quality discernment of customers and variables of empathy, assurance, and tangibles in insurance companies.

3. OBJECTIVES OF THE STUDY

To study the perceptions of customers concerning service quality and customer satisfaction through the SERVPERF model.

To offer appropriate measures for improvement of quality of customer service in public and private sector insurers.

4. STATEMENT OF HYPOTHESIS

There is no significant difference between public and private sector Life insurers concerning the dimension of service quality

There is no significant difference between public and private sector life insurers concerning the overall assessment of customer satisfaction.

5. RESEARCH METHODOLOGY

The present study's eventual objectives are to study the customer service quality perceptions and customer satisfaction with public and private sector life insurers. The study is descriptive. Both primary and secondary data are used as data sources for the study. The researcher personally approached the customers of life insurance to collect the necessary data for the research. The sampling units for the study are customers of both public and private sector life insurers in Chennai city. Four life insurers were considered for the study, out of which one public sector insurer, i.e., LIC, and the other three private sector life insurers, viz., ICICI, SBI, and HDFC life insurance company limited. The private sector life insurers have been considered for the study based on their market share in the life insurance industry. The researcher approached the customers of public and private sector life insurers who came out of the office after completing their transactions and requested them to fill out the structured questionnaire to generate the response to the listed objectives of the study. The convenience sampling method was adopted to fulfill the present objectives. The total sample size is 400, out of which 100 samples are from LIC, and 300 samples are from private sector life insurance of ICICI, SBI, and HDFC life insurance company limited. The researcher conducted the fieldwork for six months, from January 2022 to June 2022. First, the descriptive study is carried out, and after that, the statistical analysis is done using the SPSS version 21 package. The major highlight of the study is that the researcher used the SERVPERF scale instead of the SERVQUAL scale for measuring service quality in the life insurance industry.

6. DEMOGRAPHIC PROFILE OF RESPONDENT

Table 1

Table 1 Demographic Profile of Customers (*n*=LIC: 100 & Private 300)

Demographic Profile of customers	Gender	Life Insurance Sector		Total
		Public	Private	
Gender	Male	63(24.8) [63.0]	191(75.2) [63.7]	254
	Female	37(25.3) [37.0]	109(74.7) [36.3]	146
Age (In years)	Up to 30	23(19.2) [23.0]	97(80.8) [32.3]	120
	31-40	34(22.5) [34.0]	117(77.5) [39.0]	151
	> 41	43(33.3) [43.0]	86(66.7) [28.7]	129
Educational	Up to SSLC	12(19.0) [12.0]	51(81.0) [17.0]	63
Qualification	HSC	21(18.9) [21.0]	90(81.0) [30.0]	111
	UG	28(20.4) [28.0]	109(79.6) [36.3]	137
	PG	39(43.8) [39.0]	50(56.2) [16.7]	89
Occupation	Salaried	44(21.2) [44.0]	164(78.8) [54.7]	208
	Professional	35(25.4) [35.0]	103(74.6) [34.3]	138
	Business	21(38.9) [21.0]	33(61.1) [11.0]	54
Monthly Income	< Rs15,000	20 (20.8) [20.0]	76(79.2) [25.3]	96
	Rs.15001-20,000	47(26.1) [47.00]	133(73.9) [44.3]	180
	> Rs.20,000	33(26.6) [33.0]	91(73.4) [30.3]	124

Source Primary data

Note Figures in () row percent; figures in [] Column percent

Table 1 highlights the demographic Profile of customers. It is noted that 43% of the respondents are in the age group above 41 years and 34% of respondents are in the age group of 31-40 years, and 23% are in the age group below 30 years in the Public Sector Life Insurance Company. In private sector life insurance companies, 39% of the respondents are in the age group of 31-40 years, 33% are in the age group below 30 years, and 29% are in the age group above 41 years. A majority, 63% of the respondents, is male, and 37% of the respondents are female in public sector insurance companies. Moreover, 64% of the respondents are male, and 36% are female in private sector life insurance companies. Educational qualification-wise distribution of respondents in public and private sector life insurance companies is shown in Table 1. It is noted that 39% of the respondents are postgraduates, 28% are undergraduates, 21% have studied up to HSC, and 12% of the respondents studied up to SSLC in a public sector life insurance company. In private sector life insurance companies, 36% of the respondents have an undergraduate qualification, 30% of the respondents have HSC qualifications, 17% of the respondents are postgraduates, and 17% have studied up to SSLC. It is inferred that 44% of respondents are salaried persons, 35% of respondents are professional/technical persons, and 21% of respondents are involved in business activities in Public Sector Life Insurance Companies. In private sector life insurance companies, 55% of the respondents are salaried persons, 34% are professional/technical persons, and

11% are involved in business activities. The outcome of the study also inferred that 33% of the respondents belong to above Rs.20,000/- monthly income, 47% of the respondents are in the income group between Rs.15,001-20,000, and 20% of the respondents belong to below Rs.20,000 monthly income in public sector life insurance companies. In private sector life insurance companies, 44% of the respondents are in a monthly income between Rs.15, 001-20,000, 30% of the respondents are in a monthly income above Rs.20, 000 and 25% of the respondents belong to less than Rs.15, 000 monthly incomes.

Hypothesis: 1

H0₁: There is no significant difference between public and private sector Life insurers concerning the dimension of service quality

Table 2

Table 2 Results of the F Test for Significant Differences Between Public and Private Sector Life Insurance Companies Concerning the Dimension of Service Quality

Dimension of service Quality	Insurance companies	Mean	SD	F-value	P-value
Tangibles	LIC	15.65	1.527	1.101	0.348
	ICICI	15.64	2.04		
	SBI	16.04	2.13		
	HDFC	15.94	1.98		
Reliability	LIC	18.54 ^b	1.63	4.723	0.003**
	ICICI	18.38 ^{ab}	2.15		
	SBI	17.90 ^a	1.89		
	HDFC	18.91 ^b	1.99		
Responsiveness	LIC	18.27	1.25	2.127	0.097
	ICICI	18.48	1.41		
	SBI	18.72	1.74		
	HDFC	18.28	1.34		
Assurance	LIC	17.63	1.31	0.300	0.825
	ICICI	17.64	1.29		
	SBI	17.48	1.41		
	HDFC	17.59	1.31		
Empathy	LIC	21.34	2.88	0.494	0.687
	ICICI	21.55	3.04		
	SBI	21.85	2.97		
	HDFC	21.55	3.04		
Overall service quality	LIC	91.43	4.05	0.634	0.593
	ICICI	91.69	4.86		
	SBI	91.99	4.74		
	HDFC	92.27	4.59		

Source Primary data

The P-value of Tangibles, Responsiveness, Assurance, Empathy, and Overall service quality is more significant than 0.05. So, the null hypothesis is accepted at a 5% significance level. Hence, it is concluded that there is no significant difference between public and private sector insurers concerning Tangibles, Responsiveness, Assurance, Empathy, and overall service quality. The Reliability's P-value is 0.003, which is less than 0.01. So, the null hypothesis is rejected at a 1% level of significance. So, it is concluded that there is a significant difference between public and private sector insurance companies concerning reliability concerns among customers.

Hypothesis: 2

H0₂: There is no significant difference between public and private sector life insurers concerning the overall assessment of customer satisfaction.

Table 3

Table 3 Results of the F-Test for Any Significant Difference Between Public and Private Insurance Companies Concerning the Overall Assessment of Customer Satisfaction

Overall Assessment of Customer Satisfaction				
Insurers	LIC	ICICI	SBI	BALIC
Mean	22.14 ^b	21.45 ^a	21.17 ^a	21.61 ^a
SD	1.79	1.8	1.56	1.83
F-value	5.421			
P-value	0.001**			

Source Primary data

Note ** Denotes significance at 1% Level

Table 3 highlights the ANOVA test for whether there is any significant difference between the public and private sector life insurers concerning the overall assessment of customer satisfaction. Since the P-value is less than 0.01, the null hypothesis is rejected at a 1% significance level. It is concluded that there is a significant difference between public and private sector life insurers concerning the overall assessment of customer satisfaction. However, it is noted that LIC is differentiated from private sector insurance companies like ICICI, SBI, and BALIC in connection with an overall assessment of customer satisfaction.

7. FINDINGS OF THE STUDY

- There is no significant difference between public and private sector insurers concerning Tangibles, Responsiveness, Assurance, Empathy, and overall service quality.
- There is a significant difference between public and private sector insurers concerning customer reliability concerns.
- There is a significant difference between public and private sector life insurers concerning the overall assessment of customer satisfaction.
- LIC is differentiated from private sector insurance companies like ICICI, SBI, and BALIC in connection with an overall assessment of customer satisfaction.

- The customers are delighted with the services offered by public and private sector life insurers.

8. CONCLUSION

In India, there were no private and foreign life insurers prior to the liberalization policy. The liberalization paved the way for private and foreign players to operate in India. In the stiff competition among the public and private sector life insurers, they want to differentiate themselves from the competitors and stay ahead in the race. This has provided customers with a wide range of options to take insurance products. The public and private insurers are keen to keep the customer base by providing quality customer services. Based on the study, public and private sector life insurers provide service qualities of Tangibles, Responsiveness, Assurance, and Empathy to customers equally. Reliability services provided by both public and private life insurers are differentiated from each other. In connection with the overall opinion of the customer, satisfactions significantly differ between public and private sector policyholders. Public and private sector life insurers must consistently concentrate on all five dimensions of service quality and customer satisfaction.

CONFLICT OF INTERESTS

None.

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