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A STUDY ON SERVICE QUALITY PERCEPTION OF POLICYHOLDERS ABOUT PRIVATE LIFE INSURANCE COMPANIES IN TIRUNELVELI DISTRICT

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Abstract

Insurance sector plays a very important role in the development of any economy also, as it provides long term funds for infrastructure development and at the same time strengthens the risk taking ability. The current scenario in the insurance industry is a complex and competitive environment tinged with little stability. With the liberalization and globlisation in insurance, service quality has become an important means of differentiation and path to achieve business success. Such differentiation based on service quality can be a key source of competitiveness for insurance companies and hence have implication for leadership in such organizations. With the increasing demands of customer, insurance sector has become competitive. The purpose of the present study is to measure the service quality perception of customers about Private Life Insurance Companies.

Keywords: Service Quality; Perception; Service Sector; SERVQUAL.

1. Introduction

Indian insurance market has been going through a transition phase in the wake of LPG (Liberalization, Privatization and Globalization). In the pre-liberalization era, the insurance sector in India was the monopoly of LIC. It was least concerned about customer services. The main drawback was the lack of proper information about the available products and services and the absence of any competition. The products were also limited and insurance was only purchased for risk covering But in the year 2000, the insurance sector was opened up for private players. The insurance sector has changed drastically after this. The new insurance companies

concentrate more on the areas which were uncovered by LIC. The impact of private players can be felt in the areas like product innovation, promotion and service standards.

Today, the insurance buyers can choose from a large array of products and or services. They can look for a company of their choice. Customers today are more rational- they always look for maximizing values within the bounds and limitations of time, knowledge, search cost, mobility and of course disposable income (Mahfooz, 2005). Retaining a customer is always cheaper than attracting a new customer. Now –a- days, only those insurance companies that believe in the highest delivered value or profit to the customers can alone survive and sustain their growth and profitability. In today's scenario, a customer makes value assessment in a very rational manner. His value assessment stretches beyond product's value and goes to take into consideration added values such as service value, personal value and image value. All these values put together constitute his total customer value.

2. Objectives of the Study

The following are the objectives of the study:
1) To study socio-economic profile of the respondents.
2) To assess the factors influencing the customers to avail insurance service. .
3) To find out the problems faced by the respondents in availing life insurance services.

3. Review of Literature

Camarero and Carmen (2007) analysed the complimentary effects of relationship and service quality orientations on market and economic performance and their role in the relationship between market orientation and performance. An empirical analysis of financial and insurance in Spain was conducted. The study suggested that market performance is affected hugely by relationship management and service quality as two alternative but complementary strategies. However, their effect on the economic performance is basically indirect through market performance.

Kannan Kamalanathan V.S. (2010) has analysed the problems of private sector insurance companies. The major problem is that the private life insurance companies are heavily depending on market linked policy ULIP and suggested that the private insurers have to increase efforts to design new products that are suitable for the market and make use of innovative distribution channels to reach a broader range of the population.

Barde Ashok Bhimrao (2011) in his paper says that foreign players are bringing in international best practices in service through use of latest technologies. The insurance agents still remain the main source through which insurance products are sold. For years now, the private players are active in the liberalized environment. The insurance market have witnessed dynamic changes which includes presence of a fairly large number of insures of both life and non-life segment.

Dhanabhakyam M. and Kavitha M. (2011) in their article stated that the private life insurance company should have a clear vision and mission that should be known to all the stakeholders like employees, agents, customers and business associates. To achieve greater insurance penetration,

private sector insurance company is to create a more vibrant and competitive industry, with greater efficiency, choice of products and value of customers.

4. Private Life Insurance Companies in India

Private companies that are in life insurance sector are as under
AEGON Religare Life Insurance, Edelweiss Tokio Life Insurance Co. Ltd, Aviva India Life Insurance, Shriram Life Insurance, Bajaj Allianz Life Insurance, Bharti AXA Life Insurance Co Ltd, Birla Sun Life Insurance, Canara HSBC Oriental Bank of Commerce Life Insurance, Star Union Dai-ichi Life Insurance, DLF Pramerica Life Insurance, Future Generali Life Insurance Co Ltd, HDFC Standard Life Insurance Company Limited, ICICI Prudential Life Insurance Company Limited, IDBI Federal Life Insurance, India First Life Insurance Company, ING Life Insurance, Kotak Life Insurance, Max Life Insurance, PNB MetLife India Life Insurance, Reliance Life Insurance Company Limited, Sahara Life Insurance, SBI Life Insurance Company Limited, TATA AIA Life Insurance. Private life insurance companies in India got access to the life insurance sector in the year 2000. Most private players have tied up with international insurance giants for their life insurance foray.

5. Research Methodology

The survey is conducted on the target population of the District of Tirunelveli. Data were collected from 300 from top five private life insurance companies. Although, the universe of the study is all life insurance companies operating in the study area, only five private life insurance companies, i.e ICICI Prudential, HDFC Standard, Bajaj Allianz, Birla Sun Life and SBI Life Insurance. For the purpose of taking sample, the details regarding customers were collected from the branches of selected five private life insurance companies. With regard to sample respondents, disproportionate stratified random sampling was adopted.

From the top five private life insurance branches such as SBI Life Insurance, HDFC Standard Life Insurance, ICICI Prudential Life Insurance, Bajaj Allianz Life Insurance and Birla Sun Life Insurance in Tirunelveli district, 300 policyholders (60 holders from each branch) have been selected on stratified random sampling method.

6. Data Analysis and Interpretation

Table 1: Age wise classification of the respondents

Age	Frequency	Percentage
20 – 30 years	41	17.3
31 - 40 years	98	30.7
41 - 50 years	85	34.7
51 - 60 years	52	12.0
Above 60 years	24	5.3
Total	**300**	**100.0**

It could be inferred from table that out of 300 customers of **PLICs**, about 34.7 per cent are in the age group of 41 to 50 years, while 30.7 per cent of the respondents are in the age group of 31 to 40 years followed by 17.3 per cent comes under the age group of 20 to 30 years, 12.0 per cent of the respondents are in the age group of 51 to 60 years and the remaining 5.3 per cent are in the age group of above 60 years. Majority of the respondents are in the age group of 41-50 years.

Table 2: Gender wise classification of respondents

Gender	Frequency	Percentage
Male	187	62.3
Female	113	37.7
Total	**300**	**100.0**

Table shows that out of the customers of **PLIC$_S$**, about 187 respondents (62.3%) are male and the remaining 113 respondents (37.7%) are female. So the majority of the respondents are Male.

Table 3: Marital status wise classification of the respondents

Marital Status	Frequency	Percentage
Married	259	86.3
Single	41	13.7
Total	**300**	**100.0**

Source: Primary Data

Table indicates that the customers of **PLIC$_S$**, 86.3% of respondents are married, 13.7 % of the respondents are single.

Table 4: Education wise classification of the respondents

Educational Qualification	Frequency	Percentage
Illiterate	22	7.3
SSLC	37	12.3
+2	47	15.7
Diploma	23	7.7
Undergraduate	86	28.7
Post graduate	51	17.0
Professional	34	11.3
Total	**300**	**100.0**

Source: Primary Data

Table exhibits that among the customers of **PLIC$_S$**, 28.7 per cent of the respondents have undergraduate educational qualification, it is to be noted that 17 per cent of the respondents have completed post graduation. The respondents constituting 15.7 per cent have completed +2, about 12.3 per cent of the sample respondents are SSLC and 11.3 per cent of the respondents have professional degree and about7.7 percent of the respondents have diploma course.

Table: 5: Respondents' average monthly savings in insurance

Average monthly savings in insurance	Frequency	Percentage
Below 1000	107	35.7
1000 – 2000	113	37.7
2001 – 3000	32	10.6
Above 3000	48	16.0
Total	**300**	**100.0**

Source: Primary Data

Table shows that out of 300 customers of **PLICs**, 37.7 per cent of the respondents have the average monthly savings of Rs.1000 – Rs.2000 in insurance and 35.7 per cent of the respondents have the average monthly savings of below Rs.1000 in insurance followed by 16.0 per cent of the respondents have the average monthly savings of above Rs.3000 in insurance and the rest 10.6 per cent of the respondents have the average monthly savings of Rs. 2001- Rs 3000. So, the majority of the respondents have the average monthly savings of below Rs.1000 in insurance.

Factors influencing the PLIC$_S$ Customers to select Insurance – Factor analysis
Factor analysis helps to reduce the innumerable variables into limited number of latent factors having inter – correlation within themselves. Hence factor analysis is attempted to reduce the numerous variables into limited number of factors. In order to apply factor analysis, the basic assumption to be fulfilled is the factorability of the correlation matrix. KMO measures of sampling adequacy and the Bartlett's test of sphericity determine the factorability of the correlation matrix. The results of the calculation are presented in Table.

Table 6: Findings of KMO and Bartlett's Test for PLICS Customers

Kaiser-Meyer-Olkin Measure of Sampling Adequacy	**0.866**
Bartlett's Test of Sphericity Approx. Chi-Square	**1.1003**
DF	**105**
Significance	**0.000**

Table 6 shows the findings of the KMO and Bartlett's test for PLICs customers. Table reveals that the factor analysis can be rightly employed in this context as evidenced through a higher KMO measure (0.866) and a significant Bartlett's test result. Hence factor analysis is attempted. Analysis of factors influencing the PLIC$_S$ customers to select insurance in Tirunelveli District are made through rotated factor matrix which reveals that there are four major factors responsible for selecting insurance . The findings of the rotated factor analysis on the influencing of PLICs customers in Tirunelveli District are presented in Table.

Factors influencing the PLIC$_S$ Customers to select Insurance

Rotated Factor Analysis

Variables	F1	F2	F3	F4	h^2
Convenient Service Hours	**0.692**	0.106	0.194	0.312	1.304
Provide Visually Appealing Facilities	**0.689**	0.059	0.266	0.137	1.151
Clean Surroundings and Premises	**0.683**	0.242	0.004	0.039	0.968

Have competent employees for better performance	**0.635**	0.123	0.262	0.015	1.035
Provide Friendly Services	**0.615**	0.224	0.207	0.112	1.158
Provide Value Added Service	**0.608**	0.355	0.240	0.170	1.373
Provide Prompt Service	**0.587**	0.339	0.114	0.067	1.107
Provide Better Communication System	0.318	**0.612**	0.084	0.328	1.342
Existence of physical evidences for quality service	0.302	**0.574**	0.099	0.273	1.248
Provide E-Insurance Marketing	0.201	**0.560**	0.305	0.301	1.367
Offer competitive pricing	0.288	**0.525**	0.464	0.355	1.632
Perform services right at the first time	0.249	0.390	**0.699**	0.049	1.387
Offer convenient location	0.209	0.153	**0.625**	0.034	1.021
Simple And Easy Process / Procedures	0.387	0.136	0.349	**0.585**	1.457
Providing full particulars about life insurance	0.355	0.224	0.303	**0.543**	1.425
Eigen Value	4.745	1.245	1.183	1.095	
Percent of Variation	31.632	8.301	7.887	7.301	
Cumulative Percentage	31.632	39.933	47.820	55.121	

Table reveals that the first factor F1 accounts for **31.632 per cent** variation in the total variables set. There are seven variables positively loaded in this factor. They are :- Convenient Service Hours, Provide Visually Appealing Facilities, Clean Surroundings and Premises, Have competent employees for better performance, Provide Friendly Services, Provide Value Added Service, Provide Prompt Service. These seven variables are positively loaded in the factor F1. It implies that there is a positive correlation among these seven variables and make a variation of 31.632 per cent in the factors influencing the LIC customers to select insurance in Tirunelveli District.

Table reveals that the second factor F2 accounts for **8.301 per cent** variation in the total variables set. There are four variables positively loaded in this factor. They are:- Provide Better Communication System, Existence of physical evidences for quality service, Provide E-Insurance Marketing, Offer competitive pricing. These four variables are positively loaded in the factor F2. It implies that there is a positive correlation among these four variables and make a variation of 8.301 per cent in the factors influencing the PLIC$_S$ customers to select insurance in Tirunelveli District.

Table reveals that the third factor F3 accounts for **7.887 per cent** variation in the total variables set. There are two variables positively loaded in this factor. They are:-Perform services right at the first time ,Offer convenient location. These two variables are positively loaded in the factor F3. It implies that there is a positive correlation among these two variables and make a variation of 7.887 per cent in the factors influencing the PLIC$_S$ customers to select insurance in Tirunelveli District.

Table reveals that the fourth factor F4 accounts for **7.301. Per cent** variation in the total variables set. There are two variables positively loaded in this factor. They are :-simple and easy process/procedures, providing full particulars about life insurance,. These two variables are positively loaded in the factor F4. It implies that there is a positive correlation among these two variables and make a variation of **7.301 per cent** in the factors influencing the PLIC$_S$ customers to select insurance in Tirunelveli District.

Table 7: Problems Faced By Plics Customers

SL.NO	PROBLEMS	GARRET MEAN SCORE	RANK
1	Inadequate staff	57.07	I
2	Unsatisfactory services	55.51	II
3	Wait for a long time	55.21	III
4	Inadequate infrastructure	53.60	IV
5	Lack Of Proper direction by office staff	53.17	V
6	Unfriendly Staff	51.69	VI
7	Exaggeration of benefits	50.79	VII
8	Agents' belated service	46.08	VIII
9	No Proper and Timely Reminders	39.15	IX
10	No complete information about insurance service	24.37	X

Source: Primary Data

Table 7 clearly shows the customers' problems while availing insurance services with respective GARRET mean score and ranks. It is obvious from the table that of the ten identified problems, 'inadequate staff' is ranked first with the highest Garret mean score of 57.07 which is followed by 'Unsatisfactory services' with a mean score of 55.51. 'Waiting for a long time' has been ranked third with a mean score of 55.21 which is followed by 'Inadequate Infrastructure' with a mean score 53.60. The problem 'Lack of proper direction by office staff' has been ranked fifth with a mean score of 53.17. 'Unfriendly Staff' has been ranked sixth with the mean score of 51.69, followed by 'Exaggeration of benefits 'has been ranked seventh with the mean score of 50.79. 'Agents in Prompt Service' has been ranked eighth with the mean score of 46.08 followed by 'No Proper and Timely Reminders' which has been ranked ninth with the mean score of 39.15. 'No Complete Insurance about Insurance Services' has been ranked was the last one with the least Garret mean score of 24.37

7. Conclusion

The researcher is confident that this small piece of research work on service quality perception of PLICs customers about life insurance services of India will definitely kindle a keen interest in the minds of the budding and future researchers. The researcher takes pride in concluding the study with her vision of 'India' with fully, insured individuals by 2020' since life insurance protects every individual both during one's existence and even beyond one's existence.

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