



CONSUMERS' PERCEPTION TOWARDS SERVICE QUALITY OF LIFE INSURANCE
COMPANIES IN TRICITY: - (CHANDIGARH, MOHALI AND PANCHKULA)

DR. RAMNA SINGLA

VEENA RANI

vrani34@gmail.com

9501673284

Abstract

The Insurance Industry as a financial sector is considered as one of the important segments in an economy for its growth and development. The need for insurance arises because risks are inherent in one's life and risk is uncertainty of a financial loss. The objective of the present chapter is to study the consumer's perception towards the service quality of life insurance industry. This study is based on primary data, and data was collected with the help of the structured questionnaire. The study has one hypothesis that "there is no significant relationship between the degree of customer service quality and demographic variables". The study found that Customer's perception towards the better service quality is for Product Availability dimension and Anova and t-test indicated that there was no significant relationship in the perception of the quality and among the respondents belonging to all demographic variables.

I. INTRODUCTION

For the economic growth of the country, insurance provides protection against loss of property and adequate capital to produce more wealth. Similarly in business, too, the property and human materials are protected against certain losses; capital and credit are expanded with the help of insurance. Customer satisfaction with a product or service is influenced significantly by the customer's evaluation of product or service features. Quality is an attribute of product or service that fulfills the need of a customer and satisfy customers expectations.

The size of the service sector is increasing in almost all economies around the world. Service sector is a new frontier for marketing strategy and it continues to be an ever more important part of the Gross National Product (GNP) of developing and developed nations. A service is an economic activity that creates value and provides benefits for customers at specific times. The primary objective of service marketers is to develop and provide offerings that satisfy consumer needs and expectations.



Life insurance companies in India are consequently directing their strategies towards increasing customer satisfaction and loyalty through improved service quality. According to World Insurance Report (2013), customers are clearly focused more on services than just products. The process of insurance has been evolved to safeguard the interests of people from uncertainty by providing certainty of payment at a given contingency. The role and importance of insurance, here, has been discussed from an individual, business and society's view:

- 1) Insurance provides security and safety
- 2) Insurance affords peace of mind
- 3) Insurance protects mortgaged property
- 4) Insurance eliminates dependency
- 5) Life Insurance encourages saving
- 6) Life Insurance provides profitable investment

Types of Life Insurance Policies

A life insurance policy could offer pure protection (insurance), another variant could offer protection as well as investment while some others could offer only investment. In India, life insurance has been used more for investment purposes than for protection in one's overall financial planning. Followings are the types of life insurance policy:

- 1) Term Life Insurance Policy
- 2) Whole Life Insurance Policy
- 3) Money Back Plan
- 4) Pension Plan
- 5) Endowment Policy
- 6) Unit-linked insurance plan (ULIP)

II. RESEARCH METHODOLOGY

The objective of the present chapter is to study the consumer's perception towards the service quality of life insurance industry. This study is based on primary data. The primary data for the research was collected with the help of the structured questionnaire that was designed to achieve the objective of the study. For conducting the customer survey in first stage cities were selected from India, in second stage life insurance companies selected on the basis of higher premium income in the financial year 2012-13 and finally the customers of the selected life insurance companies were contracted for the survey. So, the present study covers the respondents from the Tricity (Chandigarh, Mohali and Panchkula)

Hypothesis of the study

H1: There is no significant relationship between the degree of customer service quality and demographic variables.



The customers of the top six performing life insurance companies on the basis of the premium income in the financial year 2012-13 were selected for the study. The selected companies are mentioned in table 1.1

Table - 1.1

Premium Underwritten of the Top Six Life Insurance Companies in the Financial Year 2012-13

S.no.	Company Name	Market Share (As Per Premium Underwritten) (Amt. in Crores)
1	Life Insurance Corporation of India.	208803.58
2	ICICI Prudential Life Insurance Company Ltd.	13538.24
3	Bajaj Allianz Life Insurance Company Ltd.	6892.70
4	Birla Sun Life Insurance Company Ltd.	5216.30
5	HDFC Standard Life Insurance Company Ltd.	11322.68
6	SBI Life Insurance Company Ltd.	10450.03

Source: IRDA annual report 2012-13

Systematic sampling was used to select approximately equal number of the customers from each of the selected life insurance companies covering Chandigarh, Mohali and Panchkula. The final sample consisted of 900 individuals who the customers of the selected six life insurance companies. A total of 900 customers were approached, from whom 669 correctly completed questionnaire have been obtained, thus, yielding response rate of about 74.3%.

Thus, in total items were included under seven dimensions (i.e Reliability, Assurance, Tangibles, Empathy, Responsiveness, Product Convenience and Product Availability) to measure the service quality. The seven dimensions that have been used to conceptualize service quality are:

1. **Assurance:** It is defined as employee's knowledge and courtesy and the ability of the life insurer to inspire trust and confidence.
2. **Empathy:** It is defined as the caring, individualized attention the insurer provides to its customers. It also means the approachability, ease of access and effort taken to understand customers' needs.
3. **Responsiveness:** It is the willingness to help customers and to provide prompt service. This dimension emphasizes attentiveness and promptness in dealing with customer request, questions, complaints, and problems.
4. **Tangibles:** The appearance of physical facilities, equipment, personal and communication material.
5. **Reliability:** It is defined as the ability to perform the promised services dependably and accurately.
6. **Product Availability:** It portrays the "content" of the service i.e. "what" of the service. It is defined as the various products and its features offered by the insurance company.



7. **Product Convenience:** It is defined as the convenience and ease and using the insurance company's products/services.

III. MEAN SCORE AND STANDARD DEVIATION

The Mean score and standard deviation for 34 individual items of all the seven dimensions of the service quality and customer satisfaction are presented in (Table 1.2). Among the perceptions regarding the service quality dimension, the mean score was highest (4.27) for the utmost quality products and services (Product Availability dimension) followed by (4.17) company has easy terms for renew of policy (Product Convenience dimension) and then (4.13) Company settles customers' claims with no unnecessary delays (Product Convenience dimension). Two more feature which had equally high mean score were convenient working hours (4.10) (Empathy dimension) issues contracts with clear, transparent and non-ambiguous terms (4.10) (Product Convenience). The lowest score, however, was given to factors offering of discount schemes under Product convenience dimension.

Table- 1.2

Mean Scores and Standard deviation for the Individual Features of Service Quality and Customer Satisfaction

ITEMS	DIMENSIONS	MEAN	S.D
Insurance company's employees and agents appear neat.	TANGIBLES	3.05	.879
Company has a visually appealing signs, symbols and Advertisement.	TANGIBLES	3.50	1.078
Company has convenient working hours.	EMPATHY	4.10	.916
The branch of a company is at convenient location.	TANGIBLES	3.38	1.176
When company promises to do something by a certain time, it does so.	RELIABILITY	3.75	1.209
Company performs the services right the first time.	RELIABILITY	4.05	.845
Company issues contracts with clear, transparent and non-ambiguous terms.	PRODUCT CONVENIENCE	4.10	.871



Company settles customers' claims with no unnecessary delays.	PRODUCT CONVENIENCE	4.13	.640
Company shows sincere interest in solving your problems.	RELIABILITY	4.02	.712
Company provides services within the specified contract time limit.	RELIABILITY	4.01	.779
Employees inform customer exactly when the services will be performed.	RESPONSIVENESS	3.78	.905
You receive prompt services from company.	RESPONSIVENESS	3.76	.788
Employees are always willing to help customers.	RESPONSIVENESS	4.04	.625
Employees and agents constantly communicate with customers.	RESPONSIVENESS	3.93	.667
Employees & agents identify customers' needs & provide product & services to meet these needs.	EMPATHY	4.03	.742
Company has consistent, customer-focused & easy to understand underwriting policies.	PRODUCT CONVENIENCE	4.11	.635
Company effectively uses the internet to transact business.	TANGIBLES	3.31	1.180
Company price their product & services competitively.	PRODUCT AVAILABILITY	3.90	.827
You feel safe with the transaction of the company.	ASSURANCE	3.73	1.195
Employees have knowledge to answer customers.	ASSURANCE	4.07	.803
Employees and agents of the company are polite and courteous.	ASSURANCE	4.07	.799
Claimants are assured of best policy attention.	EMPATHY	4.12	.673



Employees give customers individual attention.	EMPATHY	4.04	.705
Company welcome complaints and criticisms from customer.	EMPATHY	3.84	.848
Company adequately differentiates their products and services.	PRODUCT AVAILABILITY	4.07	.698
Company has customer's best interest at heart.	EMPATHY	3.69	.793
Company maintains high degree of confidentiality in dealing with the customers.	RELIABILITY	3.59	1.050
Company has easy terms for renew of policy.	PRODUCT CONVENIENCE	4.17	.755
Company procedures for alteration of policy are simple (alteration in terms of change in nominees, adders etc).	PRODUCT CONVENIENCE	4.04	.811
Agents of the company deposit your premium.	PRODUCT CONVENIENCE	3.48	1.158
You get premium notice intimation from company/ reminder from agent.	PRODUCT CONVENIENCE	3.93	.917
Company offers discount schemes from time to time.	PRODUCT CONVENIENCE	3.02	1.183
Company's physical facilities are visually appealing.	TANGIBILITY	3.18	1.03
Company offers products & services of utmost quality.	PRODUCT AVAILABILITY	4.27	.503

To test the significant influence of policy holder's demographics on overall service quality, Independent sample t-test was applied to ascertain if there is any significant influence of policyholder's gender, marital status, live in status, and family status on service quality of life insurance companies.

One way ANOVA was applied to ascertain if there any significant influence of policyholder's age, education, occupation on service quality of life insurance companies in table 1.3.



Table- 1.3

One way ANOVA & Independent sample t-test for Demographic Variables

		N	Mean	S.D	t/ F values
Gender	Male	490	16.05	2.90	t- 0.680 p- 0.497
	Female	179	15.89	2.25	
Age	< 25	16	15.37	2.36	F- 1.661 p- 0.157
	25 - 34	222	15.81	2.83	
	35 - 44	245	15.94	2.90	
	45 - 54	137	16.29	2.47	
	>= 55	49	16.69	2.26	
Education	Below Secondary	33	16.12	3.22	F- 0.457 p-0.768
	Secondary	125	16.23	2.77	
	Graduate	296	16.04	2.64	
	Post graduate/ Phd	167	15.81	2.90	
	Others	48	15.89	2.48	
Occupation	Profession	425	16.08	2.73	F- 2.084 p- 0.081
	Services	46	15.13	2.98	
	Business	21	15.23	1.92	
	Students	108	16.00	2.082	
	Others	69	16.43	2.68	
Family status	Nuclear	407	15.86	2.61	t- 1.745 p- 0.082
	Joint	262	16.24	2.93	
Marital Status	Married	551	16.07	2.72	t- 1.240 p-0.216
	Single	118	15.72	2.87	
Live In	Own House	450	15.94	2.89	t- 0.990



	Rented House	219	16.16	2.42	p- 0.322
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There is no significant relationship between the service quality perception and customer's gender.

T test was performed in above table 1.3 find degree of association between Gender of the respondents and the perception of overall service quality, It is observed from the above analysis that The 't' value of gender is 0.680, p-value is greater than 0.05% level and it is not significant. Hence, the hypothesis "Gender of the respondent and perception of service quality are not associated" holds good. It is concluded from the analysis that there is no significant relationship between Age of the respondent and service quality perception of life insurance.

There is no significant relationship between in the service quality perception of the customers across different age groups.

With the view to find degree of association between Age of the respondents and the perception of overall service quality, ANOVA test was performed in above (table 1.3). It is observed from the above analysis that the obtained value of F is 1.661, p-value is greater than 0.05% level and it is not significant. Hence, the hypothesis "Age of the respondent and perception of service quality are not associated" holds good. It is concluded from the analysis that Hypothesis accepted that there is no significant relationship between Age of the respondent and service quality perception of life insurance.

There is no significant relationship between the service quality perception and Education status of the customer.

To find relationship between Education of the respondents and the perception of overall service quality, ANOVA test was performed in above table 1.3. It is observed from the above analysis that the obtained value of F is 0.457, p-value is greater than 0.05% level and it is not significant. Hence, the hypothesis "Education of the respondent and perception of service quality are not associated" holds good. It is concluded from the analysis that Hypothesis accepted that there is no significant relationship between education of the respondent and service quality perception.

There is no significant relationship between the service quality perception and customer's occupation.

It is observed from the above table 1.3 to find significant relationship between the service quality perception and customer's profession ANOVA test was performed that F value is 2.084 and p-value is greater than 0.05% level and it is not significant. It is concluded from the analysis



that Hypothesis accepted that there is no significant relationship between occupation of the respondent and service quality perception of life insurance.

There is no significant relationship between the service quality perceptions of customer's Family status.

To find the association between family status and service quality perception, t test was performed in above table 1.3. It is found from the above analysis that t value is 1.745 and p-value is more than the 0.05% level and it is not significant. It is concluded from the analysis that hypothesis "family status and perception of service quality not associated" is not hold good. We can conclude from the analysis that hypothesis there is no association between family status and perception of service quality accepted.

There is no significant relationship between the service quality perceptions of customer's living standard.

The above table 1.3 showed that t value is 0.990 there p-value is greater than 0.05% level. . It is concluded from the analysis that Hypothesis accepted that there is no significant relationship between living standard of the respondent and service quality perception of life insurance.

There is no significant relationship between the service quality perceptions of customer's marital status.

To find the association between family status and service quality perception, t test was performed in above table 1.3. It is found from the above analysis that t value is 1.240 and p-value is more than the 0.05% level and it is not significant. It is concluded from the analysis that hypothesis "marital status and perception of service quality not associated" is not hold good. We can conclude from the analysis that hypothesis there is no association between family status and perception of service quality accepted.

Hypothesis testing

Hypothesis test indicated that there was no significant relationship in the perception of the quality and among the respondents belonging to all demographic variables.

IV. FINDING OF THE STUDY

Customer's perception towards the better service quality is for Product Availability dimension. Customers are satisfied with the utmost quality products and services which has the highest mean score.

One way ANOVA and Independent t-test was applied to investigate whether there was any significant relationship in the responses among the different consumer groups on the basis of their demographic profile. The test was performed in order to see whether the average



consumers' perceptions with the life insurers were identical for all the consumer groups involved in the study. The differentiation of the customers had been done on the basis of age group, gender, educational qualification, occupation, family status, marital status. The results of the test indicated that there was no significant relationship in the perception of the quality and among the respondents belonging to all demographic variables.

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