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## A STUDY ON CUSTOMER PERCEPTION ON SERVICE QUALITY WITH REFERENCE TO PUBLIC INSURANCE SECTOR IN COIMBATORE DISTRICT

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### ABSTRACT

The present study is undertaken to understand the service quality level of Life Insurance Corporation in small village, Coimbatore district. The study will be helpful in finding out the profile, factors influencing the selection of life insurance policies and satisfaction level of customers. In addition, this study was made an attempt to understand the life insurance policyholders' perception towards their awareness and satisfaction and the service quality offered by LIC. First and foremost in his life is to secure him/her so the life insurance helps a lot. Now-a-days there are many insurance companies and the public limited companies are the best invest in order make safety of the amount and also the life of a person. In addition, suggested improvements in the service quality are required to be focused by LIC to retain potential customers, gain a competitive advantage, increase its market share and profitability, and to ensure its sustainability especially in the developing countries like India.

**Keywords:** Service quality, SERQUAL, Customer perception, LIC.

### INTRODUCTION

Life insurance can be described as an agreement between an insurer and an insured. As per the contract the insurer agrees to pay a stipulated sum of money when the insured passes away or at the end of the term period provided the insured is alive. As stated in the contract other important areas such as critical illnesses or terminal ailments are covered in the plans- in such cases the insured are provided payment as soon as they are diagnosed with the said disease. However, it is important to remember that the payment patterns may vary according to the insurer. In addition, these policies often cover other expenses like costs of funeral.

The beneficiaries get the money from the policy if something happens to the insured they are not parties to the contracts. The beneficiaries can be changed by the owners if it is permitted in the contracts.

### ABOUT THE PRESENT STUDY

The present study is undertaken to understand the service quality level of Life Insurance Corporation in small village, Coimbatore district. The study will be helpful in finding out the profile, factors influencing the selection of life insurance policies and satisfaction level of

customers. In addition, this study was made an attempt to understand the life insurance policyholders' perception towards their awareness and satisfaction.

### **OBJECTIVES OF THE STUDY**

The study was made with the following objectives

1. To understand the demographic profile of the policyholder
2. To find out the factors influencing the selection of Life Insurance policies.
3. To measure the level of policyholders satisfaction about life insurance services.
4. To measure the service quality of LIC by using appropriate model of SERQUAL

### **RESEARCH METHODOLOGY**

A structured questionnaire was used to collect primary data. Convenient random sample of 150 respondents were asked to fill the questionnaire consisting of both open ended and closed questions. Five point Likert scale was used to record and measure the influencing factors and satisfaction level. Secondary data has been collected from journals, internet and other document materials. Primary data was analyzed using simple percentages, Chi-square and inferences were drawn.

### **LIMITATION OF THE STUDY**

- ❖ The sample size was limited to 150 respondents.
- ❖ The study does not cover the private life insurance corporation.
- ❖ Every insurance policy could not be included in the sample, though that is desirable for generalizing the finding to the entire insurance policy.

### **LITERATURE REVIEW**

**Altah Ahmad Dar (2010)** had done a comparative study of promotional strategies adopted by public and private sector insurance companies in India. His primary objective was to know the promotional tool of private and public insurers and comparative analysis on the basis of customer's response with a sample size of 300. The study revealed a remarkable facts connected with customers' perception about promotional tool of both private and public sector companies and also about the most effective tools to promote insurance products/services and private sector companies must be truer and reliable first to win the hearts of the customers and adopt to push strategies to attract and catch the customer and public sector is more reliable but not so good and innovativeness.

**Neetu Bala (2011)** have analyzed on the service quality of insurance companied which resulted to know about the pertinent of the country as a whole with a sample size of 337 respondents. The findings of the study indicated that the gap scores do not merge in five dimensions of service quality; rather the perception scores merge into three dimensions.

**Harpreet Singh Bedi (2011)** had analyzed the overall performance of insurance products/services in India. The study exposed that there was a tremendous growth in performance of the Indian Insurance sector due to the policy of Liberalization Privatizations Globalization.

**Deepika Upadhaya (2011)** have discussed to identify the key success factors in insurance industry, in terms of customer satisfaction so as to survive fierce competition and increased the market share. The study was conducted 206 respondents from four major cities. The study exposed to promote a better theoretical understanding and recognition of the complexities to service quality offered by insurance companies. Further, the result of the study addressed that customers' satisfaction was based on the performance of the insurance company and concluded that the main critical element was the interaction of sales people.

**Thirumaran et. al (2012)** has found that insurance companies in India are vital for one's saving purpose. He made a study on to know the awareness level of customers about insurance products, factors influencing the selection of Insurance products. The study revealed that the beginning of Insurance was looked at as a 'tax-benefit' investment. Slowly, however the mindset of the common man is changing. Life Insurance is now looked on as investment vehicle. With the introduction of private players in the sector there has been more transparency and flexibility in the sector. Better services, individual attention and pure transparency have given the private sector an upper hand.

**Fauziah Binti Sheikh Ahmad (2012)** have evaluated about the relationship between service quality and customer satisfaction in the Australian Insurance Company. The data was collected through online from 384 individuals who reside in the Melbourne, Australia. It found out that the service quality and customer satisfaction are positively correlated.

**Sharma (2012)** was conducted a study on the service quality and customer satisfaction of insurance with 300 samples. The study exposed that service quality has a positive impact on customer satisfaction.

**Haresh Barot (2012)** has made a study on the service quality dimensions and its relationship with customer satisfaction in Indian Insurance sector from sample size of 333 customers. The study addressed that the insurance company who wins more number of customers based on empathy, responsiveness and corporate image.

Nandhini et. Al (2014) made a study on impact of knowledge management on the success of customer relationship management. They found that customer absorption, customer retention and quality the variables has to be increased to have good Customer Relationship Management (CRM).

## **DATA ANALYSIS AND DISCUSSION**

The data has been collected by distributing structuring questionnaire where the respondents had to choose the answer that seemed more appropriate to them. Table 1 Summarized the profile of the consumers, Table 2 addressed the factors influencing the selection of insurance products and table 3 noted that the satisfaction level of respondents.

**Table 1: The demographic profile of the respondents**

S. No	Parameters	No. of Respondents	Percentage
<b>Age</b>			
A	Below 20 years	15	10
B	21-30 years	65	43.3
C	31-40 years	40	26.7
D	Above 41 years	30	20
<b>Total</b>		<b>150</b>	<b>100</b>
<b>Gender</b>			
A	Male	93	62
B	Female	57	38
<b>Total</b>		<b>150</b>	<b>100</b>
<b>Educational Qualification</b>			
A	Up to 10 <sup>th</sup>	10	6.7
B	High school	25	16.7
C	Undergraduate	60	40
D	Post graduate	35	23.3
E	Professional	20	13.3
<b>Total</b>		<b>150</b>	<b>100</b>
<b>Occupation</b>			
A	Salaried	70	46.7
B	Professional	21	14
C	Business	36	24
D	Retired	10	6.6
E	Home maker	13	8.7
<b>Total</b>		<b>150</b>	<b>100</b>
<b>Monthly Income</b>			
A	Up to Rs.15,000	30	20
B	Rs.15,001-Rs.30,000	63	42
C	Rs.30,001 -Rs.45,000	27	18
D	Above Rs.45,001	30	20
<b>Total</b>		<b>150</b>	<b>100</b>
<b>Marital Status</b>			
A	Married	123	82
B	Unmarried	27	18
<b>Total</b>		<b>150</b>	<b>100</b>

Source: Primary Data

**Interpretation:** Table 1 clearly explains the demographic profile of the respondents and it helps to reveal that majority (43.3%) of the respondents are from the age group of 21 – 30 years, the present study has 62% of male respondents, 40% of the respondents are completed their under graduation, 46.7% respondents are salaried personals, 42% of respondents are earning the monthly income between Rs. 15,001 – Rs. 30,000 , 82% of respondents are married personals and above all this table gives an idea that the present study was focused targeted people at the maximum to measure the service quality level of Life Insurance Corporation.

**Table 2: Factors influencing the selection of insurance policies**

Factor influenced to take Insurance policy	No of respondents	Percentage
Agents	73	48.7
Advertisement	21	14
Friends/Relatives	45	30
Neighbors	11	7.3
<b>Total</b>	<b>150</b>	<b>100</b>

Source: Primary Data

**Interpretation:** Table 2 helps to reveal the factors influencing the selection of insurance policies, based on this study Agents are influencing 48.7% to the selection of insurance policies when compare with other factors like Advertisement (14%), Friends / Relatives (30%) and Neighbors (7.3%).

**Table 3: Reasons for taking life insurance policy**

Reasons for Taking Insurance policy	Percentage	Rank	Reasons for Taking Insurance policy	Percentage	Rank
Securing a life	51.3	<b>I</b>	Enhance the standard of living	18	<b>VI</b>
Savings	15.3	<b>VII</b>	Tax saving policy	32	<b>III</b>
Dealing with Debt	24	<b>IV</b>	Marriage	21.3	<b>V</b>
LIC's service quality	36.7	<b>II</b>	Life insurance buys time and option	14	<b>VIII</b>

Source: Primary Data

**Interpretation:** Table 3 helps to find out the reasons for taking life insurance policy, there are eight factors taken for the present study among those factors 51.3% of respondents are taking up insurance policy for protection their life, 36.7% of respondents opinioned that they are choose LIC for its service quality, 32% of respondents are taking tax saving policy, 24% of respondents are taking insurance policy for dealing with debt, 21.3% of respondents are taking insurance policy for the purpose of accomplishing the marriage for his/her son or daughter, 18% of respondents are investing in insurance policies for increasing their standard of living, 15.3% of respondents are investing in insurance policies for their future spending,

**Table 4: Service quality dimensions of insurance products**

Service Quality Dimensions	Percentage	Rank	Service Quality Dimensions	Percentage	Rank
Assurance	45.3	<b>I</b>	Tangibility	32	<b>III</b>
Reliability	18.7	<b>VI</b>	Competence	16.7	<b>VII</b>
Empathy	26.7	<b>IV</b>	Corporate image	20	<b>V</b>
Responsiveness	36.7	<b>II</b>			

Source: Primary Data

**Interpretation:** Table 4 displays findings from the data analysis which shows status of service quality in LIC. The respondents' perception about the LIC service was measured by the seven dimensions of SERVQUAL factors and it ranked. 45.3% of respondents' opinion that the LIC inspire the trust and confidence among the customers, 36.7% of the respondents are highly satisfied with LIC's services in terms of dealing customers' requests, complaints and problems, 32% of the respondents are happy with that LIC's appearance of physical facilities, equipment, personnel and communication materials. Further, 26.7 % of respondents stated LIC provides individualized attention, 20% of the respondent's belief that LIC is having good brand image in society.

**CHI-SQUARE TEST**

**Alternative hypothesis (H<sub>1</sub>):** There is a significant difference between the gender and satisfaction with quality.

**Table 5: Chi-square analysis for gender & level of satisfaction**

O <sub>i</sub>	E <sub>i</sub>	(O <sub>i</sub> -E <sub>i</sub> ) <sup>2</sup>	(O <sub>i</sub> -E <sub>i</sub> ) <sup>2</sup> /E <sub>i</sub>
53	50.22	7.7284	0.154
8	10.54	6.4516	0.612
25	24.8	0.04	1.61
4	4.34	0.1156	0.027
3	3.1	0.01	3.22
28	30.78	7.7284	0.154
9	6.46	6.4516	0.612
15	15.2	0.04	1.61
3	2.66	0.1156	0.027
2	1.9	0.01	3.22
<b>Total</b>			<b>11.25</b>

**Intrepretation:** Table 5 was depicted the chi-square test for analyzing difference between the gender and Level of satisfaction with service quality. The chi-square test score was 11.25 which is greater than the tabulated value of 9.49 @ 5% level of significance. So the Null hypothesis has been rejected, which means that there is a significant difference between the gender and satisfaction with quality. From the primary data analysis shown that 50% of male and 31% of female respondents are satisfied in LIC service quality.

**FINDINGS**

- 73.3% of the respondents were aware about the service provided by the Life Insurance Corporation.
- 54% of the respondents believe trustworthiness of public limited company.
- 50.7% of the respondents believe Life Insurance Corporation as trustworthy in public limited companies.
- 24.8% of the respondents prefer to pay 10 year period of premium.
- 60% of the respondents are highly satisfied with the service provided by LIC.
- 48.7% of the respondents were influenced by Agents to take up insurance policy.
- 51.3% of the respondents were took Life Insurance for securing a life.
- 45.3% of the respondents are take life insurance for assurance.
- 70% of the respondents are satisfied with the quality of Life Insurance Corporation.
- 26.7% of the respondents say that Employee consistent courteousness of life Insurance Corporation provides service and assurance to the Life.
- 58.3% of the respondents compare Life Insurance Corporation with other insurance agency.
- There is a significant difference between the gender and satisfaction with quality.

**CONCLUSION**

Current scenario, a person has to be insured in order to protect himself and also his family members. In the present days the amount cannot be saved due to the price changes and also due to the tax slab. First and foremost in his life is to secure him/her so the life insurance helps a lot. Now-a-days there are many insurance companies and the public limited

companies are the best invest in order make safety of the amount and also the life of a person. In addition, suggested improvements in the service quality are required to be focused by LIC to retain potential customers, gain a competitive advantage, increase its market share and profitability, and to ensure its sustainability especially in the developing countries like India. Moreover, the continuous examination of customers' perceptions and expectations is needed in order to know about what actually the customers want, in that way, up-to-date measures are needed to be employed, basing them on the customers' stated needs and demands to improve the service quality. The study found that factors affecting the service which are quality and timely advertisement. Further they reveals service dimensions provided to customers are assurance, reliability, empathy, responsiveness, tangible, competence, and corporate image. The Life Insurance Corporation India with many branches and also with good reputation helps to save life. It provides better standard of life and also better status in the society.

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