

# PERCEIVED SERVICE QUALITY IN LIFE INSURANCE CORPORATION OF INDIA, ATTUR BRANCH – A STUDY

Dr. V.KANNAN

Assistant Professor of Commerce  
Arignar Anna Government Arts College  
Attur, Tamil Nadu

## Abstract

The Indian life insurance industry has moved into a more competitive arena with the arrival of private players in the market. Even though the Life Insurance Corporation of India reigns supreme in terms of market share, private companies are gearing up to woo the consumer. Any new player entering the insurance business would try to differentiate its product offering, but it is the service delivery system which would become the key differentiator. Life insurance industry presents a product market relationship denominated by personalized selling. Therefore, the researcher thinks that it is worth to study the perception of the policyholders towards the service quality of the Life Insurance Corporation of India, Attur Branch. By adopting quota sampling, 100 respondents were selected. For this study, the researcher has categorized the policyholders by five insurance plans namely, whole life plan, endowment assurance plan, money back plan, children plan and term assurance plan. From each plan 20 respondents were selected. This study is empirical in nature based on survey method with the help of questionnaire. The secondary data were collected mainly from journals, reports, books, and records of the company. Lack of relationship managers, lack of customer satisfaction audit, lack of single point counter, rigid operating hours, and lack of caring fashion are the grievances of the respondents with regard to service quality of the Life Insurance Corporation of India, Attur Branch. The researcher has suggested suitable measures to improve the service quality of the Life Insurance Corporation of India.

**Key words:** Service quality, service performance, customer relationship management, life insurance products, relationship marketing, etc.

## 1. Introduction

Globalization and technology improvements have forced companies in to tough competition. The ability to identify profitable customers and then customize marketing on the basis of customer value has enabled many companies to punch above their credence in today's competitive environment. While getting customers is fundamental to business success, retaining customers is more important. In today's economy, companies want devoted and quality customers. They also desire their image in the marketplace to be positive, despite the need to contain expenses on unprofitable customers. The competitive market position and a good reputation of a company can quickly translate into market share and profit, but that distinction is often earned only through a philosophical commitment to service backed by diligent attention to what customers want and need. Today marketing is not just developing, delivering and selling, it is moving towards developing and maintaining mutually long-term relationships with customers. This new business philosophy is called "relationship marketing", which has attracted considerable interest both from marketing academics and practitioners.

## 2. Concept of service quality

Service quality refers to collective effort of service performance, which determines the degree of satisfaction of user of all the services. The degree of consumer satisfaction bears a direct relation with quality of service where good quality of service gives better customer satisfaction and bad quality of service lead to dissatisfaction of the customers. In a monopoly situation, a customer has no choice but to accept the quality of service of whatever level of standard that the monopoly operator provides. Academicians and researchers have proposed several approaches to service quality. Some of them are; dimensions of service quality, gap analysis, the design approaches and direct application of quality know-how from goods to services. Parasuram, Zeithmal and Berry (1985) identified ten determinants of service quality, namely, assurance, empathy, reliability, responsiveness, tangibility, competence, communication, understanding the customers, access and security.

## 3. Statement of the problem

The financial services industry continues to undergo unprecedented change. It is essential to have a deeper understanding of the industry and the effects of these changes on life insurance through the economic and financial theories. Insurance business in India, since the nationalization, in spite of being a monopoly under the control of government, without any competition couldn't fair well to the expected level of coverage, and stands in the rank of 52, in the list of countries over the world with insurance business. The Indian life insurance industry has moved into a more competitive arena with the arrival of private players in the market. Even though the Life Insurance Corporation of India reigns supreme in terms of market share, private companies are gearing up to woo the consumer. One of the most curious aspects of insurance services is that customers expect quality and customization simultaneously. Quality in customer service is critical to success in any liberalized environment. The primary focus of the insurance companies in the liberalized era is in delivering quality service. It is highly essential to bring about quality improvement in the services of the life insurance companies, as the customers' tastes, preferences and requirements are ever changing.

The new players are having a tough time in competing with a large agency net work of Life Insurance Corporation of India besides the psychological notion of certain class of population that there is a greater security of their hard-earned savings with Life Insurance Corporation as government institution, which is unfounded. The masses require a knowledge based information on insurance coverage in their own language and standards, and particularly with regard to the safety of their policyholders even in private companies, working under the strict controls of IRDA in guaranteeing all the interests of policyholders. The life insurance should be covered for a large section of Indian population and it should be a social security measures until introduction of western model of social security scheme by the government of India. Since 1955 establishing Life Insurance Corporation of India as monopoly insurance business should not succeed the expectations of the government to popularize life insurance and hence the Life insurance industry presents a product

market relationship denominated by personalized selling. Therefore, the researcher thinks that it is worth to study the perception of the policyholders towards the service quality of the Life Insurance Corporation of India, Attur Branch.

#### **4. Objectives of the study**

1. To review the various life insurance plans of the Life Insurance Corporation of India.
2. To study the perception of the policyholders towards service quality of the Life Insurance Corporation of India, Attur Branch.
3. To suggest measures to improve the service quality of the Life Insurance Corporation of India.

#### **5. Testing of hypothesis**

The study is based on the formulation of the following hypothesis.  $H_{01}$ : The demographic variables of the policyholders such as gender, age, educational status, monthly income, occupation and type of insurance plan do not have any influence on the perception of the policyholders towards service quality of the Life Insurance Corporation of India.

#### **6. Scope of the study**

This study is restricted to Life Insurance Corporation of India, Attur Branch. It has been widely accepted that the business performance is closely associated with the service quality. The service quality is a vast subject consisting of a number of elements. The most common dimensions of the service quality, namely, assurance, individual attention, reliability, responsiveness, and tangibility only are studied in this study.

#### **7. Research design**

This study is confined to the policyholders of Insurance Corporation of India, Attur Branch. By adopting quota sampling, 100 respondents were selected. For this study, the researcher has categorized the policyholders by five insurance plans namely, whole life plan, endowment assurance plan, money back plan, children plan and term assurance plan. From each plan 20 respondents were selected. This study is empirical in nature based on survey method. The primary data were collected from 100 policyholders with the help of questionnaire. The secondary data were collected mainly from journals, reports, books, and records of the company. In order to study the perception of the policyholders towards the service quality, various statistical tools such as chi square test and analysis of one-way variance and percentage analysis were employed.

## 8. Findings

1. There is a significant relationship between the attitude level of male and female respondents towards the service quality of Life Insurance Corporation of India. No significant relationship is found among the attitude level of respondents belonging to different age groups, educational status, income level, occupation and insurance plans towards the service quality of Life Insurance Corporation of India, Attur Branch.
2. Ranging from 23 per cent to 39 per cent of the respondents' motivating factors to prefer life insurance plans are investment, more trust and confidence, loan facility against policy, returns, and better service. Ranging from 47 per cent to 57 per cent of the respondents was taken insurance policies for shield for protection of family, tax saving, safety and security, and children interest. About 63 per cent of the respondents are motivated by the reputation of the LIC of India to prefer life insurance policies.
3. Out of 100 respondents, 40%, 35% and 25% of the respondents have good, fair and poor attitude respectively towards service quality of the Life Insurance Corporation of India.
4. 39%, 35% and 26% of the respondents have good, fair and poor attitude respectively towards assurance of the service. 37%, 46% and 39% of the respondents' attitude with the staff behaviour in instilling confidence, safe in transacting with the LIC of India and employees' knowledge to respond policyholders' questions respectively was good. About 36 per cent of the respondents' attitude towards the courteous of employees was fair.
5. About 37%, 35% and 28% of the respondents have good, fair and poor attitude respectively towards individual attention given to policyholders. 41%, 37%, 39% and 36% of the respondents' attitude with the individual attention, personal attention given by the employees, having policyholders' best interest at heart, and understanding specific needs of policyholders respectively was good. About 43% per cent and 41% of the respondents' attitude with the operating hours and caring fashion of the employees was fair.
6. 43%, 31% and 26% of the respondents have good, fair and poor attitude respectively towards reliability of service. 45%, 36%, 43% 47% and 43% of the respondents' attitude towards promises to do by a certain time, interest of the LIC of India in solving problems, performing the service right at the first time, performing the service at the time it promises to do, and error free records respectively was good.
7. About 40%, 29% and 31% of the respondents have good, fair and poor attitude respectively towards responsiveness. 49%, 35%, and 44% of the respondents' attitude towards employees' response about when the service will be performed, promptness of service and employees'

response to policyholders' request respectively was good. About 41 per cent of the respondents have poor attitude towards willingness of the staff to help policyholders.

8. Out of 100 respondents, 44%, 34% and 22% of the respondents have good, fair and poor attitude respectively towards tangibility of service facilities. 48%, 51%, and 43% of the respondents' attitude towards use modern operations, visually appealing physical facilities, neatness and appearance of the frontline employees respectively was good. About 36 per cent of the respondents' attitude with regard to materials associated with the services was fair.
9. Lack of relationship managers, lack of customer satisfaction audit, lack of single point counter, rigid operating hours, and lack of caring fashion are the grievances of the respondents with regard to service quality of the Life Insurance Corporation of India, Attur Branch.

## 9. Suggestions

1. The Life Insurance Corporation of India can introduce single window system to solve all the grievances of the policyholders at a single counter in the same branch.
2. The Life Insurance Corporation of India can appoint young, well educated, dedicated, highly trained and motivated 'relationship managers' to improve service quality and thereby customer relationship management.
3. Regular 'customer satisfaction audit' is to be carried out to find areas of discrepancies and try to improve the policyholders' perception level.
4. Life Insurance Corporation of India shall introduce flexible working days/hours. For the benefit of employed and business people, the branches situated at Town/City shall work on Sunday. This kind of flexible working days/hours will benefit the people to pay their premium and enable to visit the LIC of India without affecting their normal working.
5. In the fierce and aggressive competition, retaining customers is more important. Therefore, caring fashion of employees is most vital for retailing the policyholders.

## 10. Conclusion

Taking the insurance industry to the heights of international excellence will require a combination of new technologies, better and quicker service, appraisal, product diversification, internal control, and human resource. The Indian insurance sector should emerge stronger in line with the international standards at the same time to meet the national goals as well. The researcher has suggested suitable measures to improve the service quality of the Life Insurance Corporation of India.

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