

# A STUDY ON PERCEIVED SERVICE QUALITY IN LIFE INSURANCE CORPORATION OF INDIA, TINDIVANAM BRANCH

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## Abstract

Nowadays economy, organization wants devoted and quality customers. 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. The object of the study was to assess the service quality of the Life Insurance Corporation of India. Gender, age, educational status, monthly income, occupation and type of insurance plan of the policy holders do not have any influence on the service quality of the Life Insurance Corporation of India. In order to study the perception of the policyholders with the service quality various statistical tools such as chi square test, analysis of one-way variance and percentage analysis were employed. The chi square test and analysis of one-way variance were employed to measure the relationship between the perceptions of the policyholders towards the service quality of the Life Insurance Corporation of India. To arrive at possible solutions, percentage analysis was also employed in this study.

**Key words:** Service quality, policy holders' satisfaction, services of LIC, 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. Peter Drucker said "the purpose of a business is to create customers" 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. Paradoxically, even though the developed counties are evolving into a service economy, customer service satisfaction is at an all time low. 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.

## 2. Life insurance industry

The life insurance industry in India is one of the hard-core parts of the service sector. It not only provides safety against risk for individuals, it also creates the savings and investment habits among the individuals. The life insurance sector by its nature attracts long-term funds, which are invested in productive heads of the development of the Indian economy. In spite of its greater importance, the awareness and penetration of life insurance is very low. After opening up of the insurance sector to the private players, the GDP from life insurance and its penetration has increased, which revealed that the insurable population is more and there would be more opportunities for any new entrant. The life insurance sector in India is having a significant growth in the post-reform era. There is no doubt that the deregulation of entry has facilitated the growth of the sector and a growing insurance sector can play an important role in the mobilization of financial resources for socio-economic development. In the pre-liberalized environment, the term life insurance was attributed to the big brother of the life insurance industry, the public monolith, "Life Insurance Corporation of India". The Parliament of India passed the Life Insurance Act on 19<sup>th</sup> June 1956, and the Life Insurance Corporation of India was created on 1<sup>st</sup> September, 1956. LIC was created with the prime objective of spreading life insurance much more widely and in particular to the rural areas with a view to reach all insurable persons in the country, by providing adequate financial cover at a reasonable cost through the agent force. LIC still continue to be the dominant life insurer even in the liberalized scenario of Indian insurance and is move fast on new growth, surpassing its own past records. It still reins the industry by achieving the highest market share based on premium collection and number of policies issued was 68.64% and 76.55% respectively. From its incorporation to date, LIC has crossed many milestones and has set unprecedented performance records in various aspects of the life insurance business. Even in the liberalized competitive environment, LIC stands a synonym for insurance services, excellence in strengthening the economic status of the country and above all, creating trust and confidence in the minds of its policy holders.

## 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. 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. One of the most curious aspects of insurance services is that customers expect quality and customization simultaneously. These two aspects must be tailor made to retain the customers in

the long run. The problem is, even introduction of private players the insurance business did not become popular and private players concentrated the important cities only. 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, Tindivanam Branch.

#### **4. Objective of the study**

1. To study the need and importance of life insurance in general.
2. To review the various life insurance plans of the Life Insurance Corporation of India.
3. To study the perception of the policyholders towards service quality of the Life Insurance Corporation of India, Tindivanam Branch.
4. 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**

The scope of the study is assessing the service quality of the Life Insurance Corporation of India, Tindivanam 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. Sampling design**

This study is confined to the policyholders of Insurance Corporation of India, Tindivanam Branch. By adopting quota sampling, 100 respondents were selected. 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.

## 8. Tools for data collection

This study is empirical in nature based on survey method. The first-hand information for this study was collected from the Life Insurance Corporation of India, Tindivanam Branch. As an essential part of the study, the primary data were collected from 100 policyholders. A pilot study was conducted with 10 policyholders. In the light of the experience gained from the pilot study, few changes were incorporated in the revised questionnaire. Questionnaire method was employed to collect data from the policyholders of the Life Insurance Corporation of India. The secondary data were collected mainly from journals, reports, books, and records of the company.

## 9. Framework of analysis

The ultimate object of the study was to assess the service quality of the Life Insurance Corporation of India. In order to study the perception of the policyholders towards the service quality, various statistical tools such as chi square test, analysis of one-way variance, and percentage analysis were employed. The chi square test and analysis of one-way variance were employed to measure the relationship between the perceptions of the policyholders towards the service quality of the Life Insurance Corporation of India. .

## 10. Findings

1. Out of the 100 respondents, 62 per cent are male and 38 per cent are female.
2. The predominant age group of the respondents was 41-50 years. A good majority of the remaining respondents were distributed in the age group 31-40 years. 9 per cent and 21 per cent of the respondents were in the age group above 51 years and up to 30 years respectively.
3. 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, Tindivanam Branch.
4. 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.
5. 57 per cent of the respondents have up to 2 life insurance policies. 26%, 12% and 5% of the respondents have 3 to 4, 5 to 6, and more than 6 life insurance policies respectively.

6. Out of the 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.
7. 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.
8. 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.
9. 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.
10. Out of the 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.
11. 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, Tindivanam Branch.

## 11. 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. In the fierce and aggressive competition, retaining customers is more important. Therefore, caring fashion of employees is most vital for retailing the policyholders.

## 12. 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 insurance 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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