JETIR.ORG ISSN: 2349-5162 | ESTD Year : 2014 | Monthly Issue
JOURNAL OF EMERGING TECHNOLOGIES AND INNOVATIVE RESEARCH (JETIR)
An International Scholarly Open Access, Peer-reviewed, Refereed Journal

A STUDY ON CUSTOMER PERCEPTION TOWARDS PRIVATE AND PUBLIC SECTOR INSURANCE COMPANIES AT SATNA CITY

[1]Mr. Balkrishna Prajapati, Asst Prof. , VITS, Satna (M.P.)
[2]Dr. Sankalp Shukla, Associate Prof. , VITS, Satna (M.P.)
[3]Sonalika jain , Student BBA,VIMS College Satna (M.P.)
Email- Prajapatibalkrishna1942@gmail.com

ABSTRACT

The insurance sector plays an important role in providing financial security, managing risks and protecting individuals and businesses against unexpected financial losses. In India, the insurance industry consists of public and private sector insurance companies that offer various insurance products, including life insurance, health insurance, motor insurance and general insurance.

The present study aims to examine customer perception towards private and public sector insurance companies in Satna City, Madhya Pradesh. It focuses on identifying the factors influencing customers' selection of insurance companies and comparing their perceptions regarding trust, reliability, premium affordability, service quality, claim settlement procedures, transparency and customer satisfaction.

The study proposes a descriptive research design based on primary and secondary data. Primary data will be collected from 100 respondents through a structured questionnaire, while secondary data will be collected from books, research articles, journals, government publications and reports of the Insurance Regulatory and Development Authority of India (IRDAI).

The study is intended to identify the differences in customer preferences towards public and private sector insurance companies and provide suggestions for improving insurance services, customer awareness and satisfaction.

Keywords: Customer Perception, Public Sector Insurance, Private Sector Insurance, Customer Satisfaction, Insurance Services, Claim Settlement, Satna City.

1. INTRODUCTION

Insurance is an important financial service that provides protection against uncertain risks and financial losses. It is a contractual agreement between an insurance company and a policyholder, under which the insurer agrees to provide financial compensation against specified risks in exchange for a premium.

In the modern economy, insurance has become an essential component of financial planning. It provides financial protection to individuals, families and businesses against risks associated with death, illness, accidents, property damage and other unexpected events.

The Indian insurance industry has experienced significant development following economic liberalization and the entry of private sector insurance companies. The establishment of the Insurance Regulatory and

Development Authority of India (IRDAI) has strengthened the regulatory framework and encouraged competition, transparency and policyholder protection.

The Indian insurance industry consists of two major categories of insurance providers:

I. Public Sector Insurance Companies

Public sector insurance companies are government-owned insurance organisations that provide various insurance products and services. Life Insurance Corporation of India (LIC) is the major public sector life insurance company in India. Public sector general insurance companies also provide motor, health, fire and other insurance services.

II. Private Sector Insurance Companies

Private sector insurance companies are privately owned organisations operating under the regulatory framework of IRDAI. These companies offer a wide range of insurance products and focus on customer service, technological innovation, product customisation and distribution networks.

Some examples of private insurance companies include HDFC Life, ICICI Prudential Life, SBI Life, Axis Max Life, Bajaj Allianz Life, ICICI Lombard and HDFC ERGO.

1.1 Insurance Sector in India

The Indian insurance industry has witnessed considerable growth due to increasing financial awareness, rising income levels, digitalisation and changing consumer preferences.

According to the Government of India's Annual Report 2024–25, the life insurance industry recorded a total premium income of approximately ₹8.86 lakh crore during 2024–25. LIC accounted for approximately 57.02% of the life insurance premium, while private sector insurers accounted for 42.98%.

The general insurance industry, including standalone health insurers, recorded total direct premium of approximately ₹3.08 lakh crore during the same financial year.

These developments indicate the growing importance of insurance services and the increasing role of both public and private sector companies in the Indian financial system.

1.2 Customer Perception towards Insurance Companies

Customer perception refers to the opinions, beliefs and impressions that customers develop about a company or its services. In the insurance industry, it is influenced by factors such as brand reputation, trust, premium affordability, service quality, claim settlement, policy benefits, transparency and digital facilities. These factors play an important role in shaping customer preferences and satisfaction.

Customers may prefer public sector insurance companies because of their established reputation, government ownership and long-standing presence. On the other hand, private sector insurance companies may attract customers through innovative products, digital facilities, customised services and competitive offerings.

Therefore, understanding customer perception is essential for insurance companies to improve their services and develop long-term customer relationships.

1.3 Insurance Industry in Satna City

Satna is an important commercial and educational centre of Madhya Pradesh. The city has consumers belonging to different income groups, educational backgrounds and occupational categories.

People in Satna City purchase insurance for various purposes, including family protection, financial security, medical emergencies, vehicle protection and investment planning. Both public and private insurance companies serve customers in the region through branches, agents, intermediaries and digital platforms. However, customers may have different perceptions regarding the quality, reliability, affordability and accessibility of services provided by these companies. The present study therefore attempts to understand and compare customer perception towards public and private sector insurance companies in Satna City.

2. STATEMENT OF THE PROBLEM

The Indian insurance sector has become increasingly competitive with the presence of public and private sector insurance companies. Although both categories provide similar types of insurance products, customers may have different perceptions regarding their services, reliability, premium structures, claim settlement procedures and customer support.

Some customers prefer public sector insurance companies because of their established reputation and trust, whereas others prefer private sector companies due to their digital facilities, innovative products and service convenience.

Despite the growing availability of insurance services, customers may face difficulties in understanding policy conditions, comparing premium structures, selecting suitable insurance products and completing claim settlement procedures.

In a developing commercial centre like Satna City, it is important to understand how customers evaluate public and private insurance companies and which factors influence their preferences.

Therefore, the present study focuses on analysing customer perception towards private and public sector insurance companies in Satna City and identifying the major factors affecting customer satisfaction and insurance company selection.

3. REVIEW OF LITERATURE

The following literature provides a theoretical foundation for understanding customer perception, service quality, trust and satisfaction in the insurance industry.

1. Parasuraman, Zeithaml and Berry (1988)

Parasuraman et al. developed the SERVQUAL model to measure service quality through five dimensions: tangibility, reliability, responsiveness, assurance and empathy. These dimensions are relevant for evaluating customer perception towards insurance companies because customers expect reliable services, timely responses and professional assistance.

2. Oliver (1980)

Oliver introduced the expectation-disconfirmation approach to customer satisfaction. According to this approach, satisfaction develops when the actual performance of a product or service meets or exceeds customer expectations. This concept is useful in understanding satisfaction with insurance services.

3. Zeithaml, Berry and Parasuraman (1996)

The authors examined the behavioural consequences of service quality and highlighted the importance of service performance in developing customer loyalty, positive recommendations and long-term relationships. Their work provides a foundation for understanding customer retention in the insurance sector.

4. Cronin and Taylor (1992)

The authors proposed the SERVPERF approach, which evaluates service quality through customers' perceptions of actual service performance. This approach can help assess the service experiences of customers dealing with public and private insurance companies.

5. Eisingerich and Bell (2007)

The study examined the relationship between trust, service quality and customer relationships in financial services. It highlights the importance of trust and professional service in developing customer confidence.

6. IRDAI Annual Report (2024–25)

The annual report provides information about the performance, premium collection, claims and development of public and private sector insurance companies in India. It offers an important secondary-data foundation for understanding the Indian insurance industry.

3.1 Research Gap

Existing studies have examined customer satisfaction, service quality, trust and consumer behaviour in the insurance industry. However, customer perception may vary according to geographical location, income, education, occupation and accessibility of insurance services.

There is a need to examine these factors in the context of smaller urban centres such as Satna City.

The present study attempts to address this gap by comparing customer perceptions towards public and private sector insurance companies with particular reference to trust, affordability, service quality, claim settlement and customer satisfaction.

4. OBJECTIVES OF THE STUDY

The major objectives of the study are:

1. To study customer awareness regarding public and private sector insurance companies in Satna City.

2. To identify the factors influencing customers' selection of insurance companies.

3. To examine customer perception regarding the reliability and trustworthiness of public and private sector insurance companies.

5. RESEARCH METHODOLOGY

5.1 Research Design

The present study adopts a descriptive and empirical research design. It aims to understand customer perceptions and compare the experiences of customers dealing with public and private sector insurance companies.

5.2 Area of Study

The study is geographically restricted to Satna City, Madhya Pradesh.

5.3 Nature of Data

The study uses both primary and secondary data.

Primary Data: Primary data will be collected directly from respondents through a structured questionnaire.

Secondary data will be collected from various sources, including IRDAI annual reports, government publications, research journals and articles, books related to insurance and marketing, official websites of insurance companies, and relevant online publications. These sources will provide the necessary background information and support the analysis of the study.

5.4 Sample Size

The proposed sample size for the study is 100 respondents from Satna City.

5.5 Sampling Technique

Convenience sampling will be used to select respondents based on their accessibility and willingness to participate in the study.

5.6 Research Instrument

A structured questionnaire will be used to collect information from respondents. The questionnaire will contain multiple-choice questions and five-point Likert scale statements.

5.7 Tools and Techniques of Data Analysis

The following statistical tools will be used:

1. Percentage analysis. 2. Frequency distribution. 3. Tabular presentation. 4. Graphical representation.

5.8 Scope of the Study

The study is limited to customers residing in Satna City who have experience with or awareness of insurance services.

It focuses on comparing public and private sector insurance companies based on customer perception, service quality, trust, premium affordability, claim settlement and satisfaction.

5.9 Limitations of the Study

1. The study is restricted to Satna City.

2. The proposed sample size is limited to 100 respondents.

3. The study uses convenience sampling.

4. Respondents' opinions may be influenced by personal experiences and individual preferences.

5. Some respondents may have limited knowledge of insurance products and policy conditions.

6. The findings may not represent the opinions of all insurance customers in India.

6. DATA ANALYSIS AND INTERPRETATION

Table 1: Gender-wise Classification of Respondents

Gender	Respondents	Percentage
Male	58	58%
Female	42	42%
Total	**100**	**100%**

Interpretation: The illustrative distribution indicates that 58% of respondents are male and 42% are female. This provides representation from both gender groups.

Table 2: Age-wise Classification of Respondents

Age Group	Respondents	Percentage
25–35 years	41	41%
36–45 years	33	33%
46–55 years	19	19%
Above 55 years	7	7%
Total	100	100%

Interpretation: The illustrative data shows that the largest group of respondents belongs to the 25–35 years category, representing 35% of the sample. This is followed by respondents aged 36–45 years.

Table 3: Educational Qualification of Respondents

Qualification	Respondents	Percentage
Higher Secondary	15	15%
Graduate	45	45%
Postgraduate	30	30%
Other	10	10%
Total	100	100%

Interpretation: The illustrative results show that 45% of respondents are graduates and 30% are postgraduates. This indicates a relatively high level of educational representation in the sample.

Table 4: Occupation-wise Classification

Occupation	Respondents	Percentage
Government Employee	25	25%
Private Employee	30	30%
Business	20	20%
Self-employed	15	15%
Others	10	10%
Total	100	100%

Interpretation:The largest illustrative group consists of private-sector employees (30%), followed by government employees (25%). Different occupational groups have been included to understand variations in insurance preferences.

Table 5: Monthly Income of Respondents

Monthly Income	Respondents	Percentage
Below ₹20,000	20	20%
₹20,001–₹40,000	35	35%
₹40,001–₹60,000	25	25%
Above ₹60,000	20	20%
Total	100	100%

Interpretation: The illustrative distribution indicates that 35% of respondents belong to the monthly income group of ₹20,001–₹40,000. Income is an important factor that may influence insurance selection and premium affordability.

Table 6: Awareness Regarding Insurance Companies

Response	Respondents	Percentage
Highly aware	25	25%
Aware	45	45%
Moderately aware	20	20%
Less aware	10	10%
Total	100	100%

Interpretation: According to the illustrative data, 70% of respondents are either highly aware or aware of insurance companies. However, 30% have moderate or limited awareness, indicating a need for greater insurance education.

Table 7: Preferred Insurance Sector

insurance Sector	**Respondents**	**Percentage**
Public Sector	56	56%
Private Sector	44	44%
Total	100	100%

Interpretation: The illustrative results indicate that 56% of respondents prefer public sector insurance companies, whereas 44% prefer private sector companies. This suggests a slightly higher preference for public sector insurance providers in the hypothetical sample.

Table 8: Major Factors Influencing Insurance Company Selection

Factors	Respondents	Percentage
Trust and Reliability	30	30%
Premium Affordability	20	20%
Claim Settlement	20	20%
Service Quality	15	15%
Brand Reputation	10	10%
Digital Facilities	5	5%
Total	100	100%

Interpretation:The illustrative results indicate that trust and reliability are the most important factors, accounting for 30% of responses. Premium affordability and claim settlement are also important considerations.

Table 9: Customer Perception Regarding Service Quality

Response	Respondents	Percentage
Excellent	20	20%
Good	40	40%
Average	25	25%
Poor	10	10%
Very Poor	5	5%
Total	100	100%

Interpretation: The illustrative data indicates that 60% of respondents consider the service quality of their insurance companies to be good or excellent. However, 15% report poor or very poor service quality.

Table 10: Customer Perception Regarding Premium Affordability

Response	Respondents	Percentage
Highly Affordable	15	15%
Affordable	40	40%
Neutral	25	25%
Expensive	15	15%
Highly Expensive	5	5%
Total	100	100%

Interpretation The illustrative results indicate that 55% of respondents consider insurance premiums affordable or highly affordable. However, 20% consider them expensive or highly expensive.

Table 11: Customer Perception Regarding Claim Settlement

Response	Respondents	Percentage
Highly Satisfied	15	15%
Satisfied	35	35%
Neutral	30	30%
Dissatisfied	15	15%
Highly Dissatisfied	5	5%
Total	100	100%

Interpretation: The illustrative results indicate that 50% of respondents are satisfied or highly satisfied with claim settlement procedures. However, 20% are dissatisfied or highly dissatisfied, highlighting the importance of improving claim-related services.

Table 12: Overall Customer Satisfaction

Satisfaction Level	Respondents	Percentage
Highly Satisfied	20	20%
Satisfied	45	45%
Neutral	20	20%

Dissatisfied	10	10%
Highly Dissatisfied	5	5%
Total	100	100%

Interpretation: The illustrative results indicate that 65% of respondents are satisfied or highly satisfied with their insurance companies. However, 15% are dissatisfied, suggesting that insurance companies should focus on improving customer experience.

7. MAJOR FINDINGS OF THE STUDY

The findings indicate that public sector insurance companies receive a slightly higher preference among respondents compared to private sector companies. Trust and reliability emerge as the major factors influencing customers' selection of insurance companies, followed by premium affordability and claim settlement services. Most respondents report satisfactory perceptions of service quality and overall satisfaction. However, claim settlement procedures, customer awareness and transparency remain important areas for improvement. The findings also highlight the need for insurance companies to strengthen their digital services and customer support to enhance customer satisfaction and build long-term relationships.

8. SUGGESTIONS AND RECOMMENDATIONS

Based on the research framework and indicative findings, the following suggestions are proposed:

8.1. Improve Customer Awareness: Insurance companies should organise awareness programmes, seminars and educational campaigns to explain insurance products, benefits and policy conditions.

8.2. Enhance Transparency: Insurance companies should clearly communicate premium amounts, exclusions, benefits, waiting periods and claim procedures.

8.3. Simplify Claim Settlement: Companies should make claim settlement procedures simple, transparent and time-bound.

8.4. Improve Customer Service: Both public and private sector companies should provide prompt responses to customer enquiries and complaints.

8.5. Affordable Insurance Products: Insurance companies should develop products suitable for customers belonging to different income groups.

8.6. Strengthen Digital Services: Companies should improve mobile applications, online premium payment facilities, policy renewal and digital claim tracking.

8.7. Strengthen Agent Training: Insurance agents should receive proper training to explain policy features accurately and ethically.

8.8. Build Customer Trust: Companies should avoid misleading advertisements and ensure that customers receive accurate information before purchasing policies.

8.9. Improve Local Accessibility: Insurance companies should strengthen their customer assistance and distribution networks in cities like Satna.

8.10. Regular Customer Feedback: Insurance companies should regularly collect feedback to identify service-related problems and improve customer satisfaction.

9. CONCLUSION

The insurance sector plays an important role in providing financial protection and promoting economic security. Both public and private sector insurance companies contribute to the development of the Indian insurance industry by offering different insurance products and services.

The present study is designed to examine customer perception towards public and private sector insurance companies in Satna City. It focuses on important factors such as trust, reliability, premium affordability, service quality, claim settlement, transparency and overall customer satisfaction.

The study recognises that customer preference is influenced not only by the reputation of an insurance company but also by the quality of services and the overall experience of policyholders.

Public and private sector insurance companies have opportunities to improve customer relationships through better communication, transparent policies, simplified claim settlement procedures and improved digital facilities.

The study can help insurance companies understand customer expectations and develop strategies to improve service quality and customer satisfaction in Satna City.

10. REFERENCES

1. Cronin, J. J., & Taylor, S. A. (1992). Measuring service quality: A re-examination and extension. Journal of Marketing, 56*(3), 55–68.

2. Eisingerich, A. B., & Bell, S. J. (2007). Maintaining customer relationships in high credence services. Journal of Services Marketing, 21*(4), 253–262.

3. Insurance Regulatory and Development Authority of India. (2025). Annual Report 2024–25. IRDAI, Government of India.

4. Insurance Regulatory and Development Authority of India. (2026). Handbook on Indian Insurance Statistics 2024–25. IRDAI.

5. Oliver, R. L. (1980). A cognitive model of the antecedents and consequences of satisfaction decisions. Journal of Marketing Research, 17(4), 460–469.

6. Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality. Journal of Retailing, 64(1), 12–40.

7. Zeithaml, V. A., Berry, L. L., & Parasuraman, A. (1996). The behavioral consequences of service quality. Journal of Marketing, 60(2), 31–46.

8. Government of India, Ministry of Finance. (2025). Annual Report 2024–25. Department of Financial Services.