



# The service quality provided by public and private life insurance companies with special reference to state of Punjab

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**Abstract** - The business of insurance is related to the protection of the economic values of assets. Every asset has a value. The asset would have been created through the efforts of the owner. The asset is valuable to the owner, because he expects to get some benefits from it. It is a benefit because it meets some of his needs

## I. INTRODUCTION

Insurance means a promise of compensation for any potential future losses. It facilitates financial protection against by reimbursing losses during crisis. There are different insurance companies that offer wide range of insurance options and an insurance purchaser can select as per own convenience and preference. Several insurances provide comprehensive coverage with affordable premiums. Premiums are periodical payment and different insurers offer diverse premium options. The periodical insurance premiums are calculated according to the total insurance amount. Mainly insurance is used as an effective tool of risk management as quantified risks of different volumes can be insured.

## II. TYPES OF INSURANCE

Major types of insurances are as mentioned below:

**Life insurance:** Descendant's family receives financial benefits. Life insurances also offer paid proceeds to the beneficiary.

**Automobile insurance:** Usually automobile insurances cover damages and legal financial expenditures of the automobile driver.

**Health insurance:** Health insurance covers the expenditures associated to treatment and medical expenditures.

**Credit insurance:** Borrowers often fail to repay debts, loans and mortgages due to certain unavoidable circumstances, credit insurances can be of great help during such crisis.

**Property insurance:** Property protection insurance provides protection from risks associated to theft, fire, floods etc.

## III. NEED OF STUDY

In the globalization competitive time it is essential to provide higher value to the consumers, if the service provider needs to survive and grow. The consumers form an expectation value and act upon it. The liberalization of Indian economy has paved way for the tremendous growth of services sector in the country during last two decades. The Life Insurance Corporation and companies have also felt the vibrations of the changes with the new entrants and changing critical success factors in the industry. The increase in the competition has made it mandatory for the service providers to develop competencies in the areas as per the consumer's requirement. This call for continuous monitoring and measurement of customers or consumers perceived and expected service level. Due to highly intangible nature, the measurement of consumer's expectation and perceived quality becomes a difficult task.

## IV. OBJECTIVES OF THE STUDY

- 1) To check the services which are provided by public as well as private life insurance companies.
- 2) To check the problems related with consumers whether they are satisfied with the existing companies or not.
- 3) To make suggestions to the life insurance companies to improve the service quality level.

## V. SAMPLING DESIGN

Sample of the study was based on three stage random sampling technique. Punjab is divided into three cultural regions, namely, Malwa, Doaba and Majha.



### Selection of Respondents

The sample of the study was targeted at 300 policy holders and 150 insurance companies' officials. Therefore, an equal number i.e. 100 policy holders and 50 officials from each selected district was randomly selected. In this way, there are total 300 policy holders and 150 insurance officials provided the data base for the study.

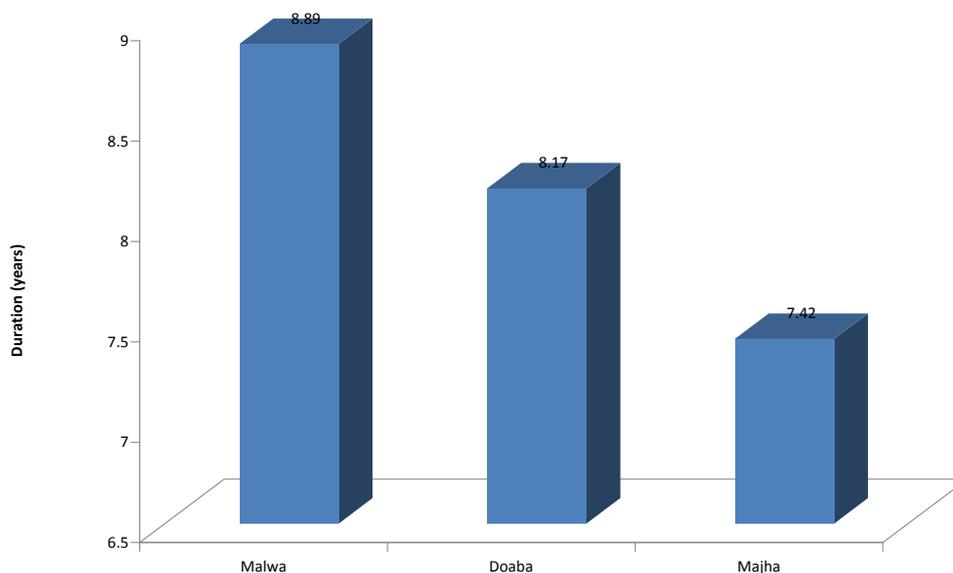
## VI. COLLECTION OF DATA

The primary data from policy holders and insurance officials were collected on two separately specially structured questionnaires. The primary data collected from selected policy holders relate to socio-economic characteristics of respondents, mode of premium payment they preferred, duration of policy, behavior of the company officials, merits and demerits of the insurance sector, periodicity of premium, comparison of private insurance companies with LIC, India, reasons for purchasing an insurance policy, sources of information about different policies, level of satisfaction on company services, etc.

Similarly, data collected from selected companies' officials include their socio-economic characteristics of respondents, mode of premium payment the officials preferred, focus areas for the insurance sector, merits and demerits of the insurance sector, factors as guidelines for the customers, extension services of the companies, comparison of private insurance companies with LIC, India, etc.

## VII. RESULTS AND DISCUSSIONS

**GRAPH - 1**  
**Average duration of Dealing with Insurance Companies by the Policy holders**



Graph 1 contained the information about duration of dealing with the insurance sector by the policy holders. It showed that about 40 percent of the respondents (39.67%) were dealing with the insurance sector for more than 10 years followed by 29.33 per cent of them who were dealing with insurance sector from 5 to 10 years. As much as 19.67 per cent were those respondents who were attached with any insurance sector for duration of 2 to 5 years, while only 11.33 percent were those respondents who were found to be dealing with the insurance sector for less than 2 years. Overall, the duration index came out to be 8.16 years. The duration index came to be significantly the highest in Malwa region (8.89 years), followed by Doaba (8.17 years), as respondents dealing with insurance sector for e than 10 years were 46.00 percent in Malwa and 39.00 percent in Doaba as compared to only 34.00 percent in Majha region. That is why the duration index in Majha region came to low to the tune of 7.42 years.

As far as Majha district was concerned 34.00 per cent of policy holders were attached or having a policy for more than 10 years. But equal proportion (26.00%) of respondents was those who were dealing with the insurance company for 2-5 years or 5-10 years. The difference in pattern of duration was found to significant as conveyed by the calculated F-ratio (4.68\*\*).



Table 1 : Distribution of respondents according to the mode of premium

Mode of Premium	Malwa		Doaba		Majha		Total		Z-value		
	No.	%age	No.	%age	No.	%age	No.	%age	Malwa vs Doaba	Malwa vs Majha	Doaba vs Majha
Cash	3	3.00	5	5.00	8	8.00	16	5.33	0.72	1.55	0.86
Cheque	36	36.00	32	32.00	28	28.00	96	32.00	0.60	1.21	0.62
Credit Card	9	9.00	12	12.00	8	8.00	29	9.67	0.69	0.25	0.94
Debit Card	6	6.00	6	6.00	5	5.00	17	5.67	NA	0.31	0.31
Draft	7	7.00	6	6.00	6	6.00	19	6.33	0.29	0.29	NA
Through Saving A/C	31	31.00	30	30.00	34	34.00	95	31.67	0.15	0.45	0.61
Others	8	8.00	9	9.00	11	11.00	28	9.33	0.25	0.72	0.47

Table 1 show that there are several options before the policy holders for mode of payment of premium of insurance policy such as cash, cheque, draft, etc. Table 6 depicts the distribution of respondents according to the mode of premium of policy preferred by the policy holders. The analysis showed that nearly one third (32.00%) of the total policy holder respondents were preferring cheque as mode of payment of premium followed by 31.67 per cent of them using Saving Bank Account as mode of premium. Few percentage of total respondents were using Cash, Credit card, Debit Card, Draft or any other mode of premium of insurance policy. Similar patterns were observed in all the three regions as well i.e. the highest proportion of respondents in all the three regions used cheque and saving account as mode of premium of insurance policy as compared to other modes of payment like draft, credit card or any other mode of premium. Thus a non significant difference was observed in all the three regions of mode of premium of insurance policy as indicated by the non-significant Z-values.

Therefore, cheque and saving bank account emerged as the most common modes of payment of premium of the insurance policy as cash, draft and credit card came to be the least common in this regard.

Table2: Level of satisfaction of policy holders on the performance of the company

Level of Satisfaction	Malwa		Doaba		Majha		Total	
	No.	%age	No.	%age	No.	%age	No.	%age
Highly Satisfied	22	22.00	26	26.00	31	31.00	79	26.33
Satisfied	36	36.00	41	41.00	45	45.00	122	40.67
Neutral	7	7.00	5	5.00	4	4.00	16	5.33
Dissatisfied	21	21.00	16	16.00	19	19.00	56	18.67
Highly dissatisfied	14	14.00	12	12.00	1	1.00	27	9.00
Average Level Achieved	3.31		3.53		3.86		3.57	
% Level Achieved	66.20		70.60		77.20		71.33	
% Level to be Achieved	33.80		29.40		22.80		28.67	
F-ratio				6.12**				

**LEVEL OF SATISFACTION WITH THE PERFORMANCE OF THE COMPANY**

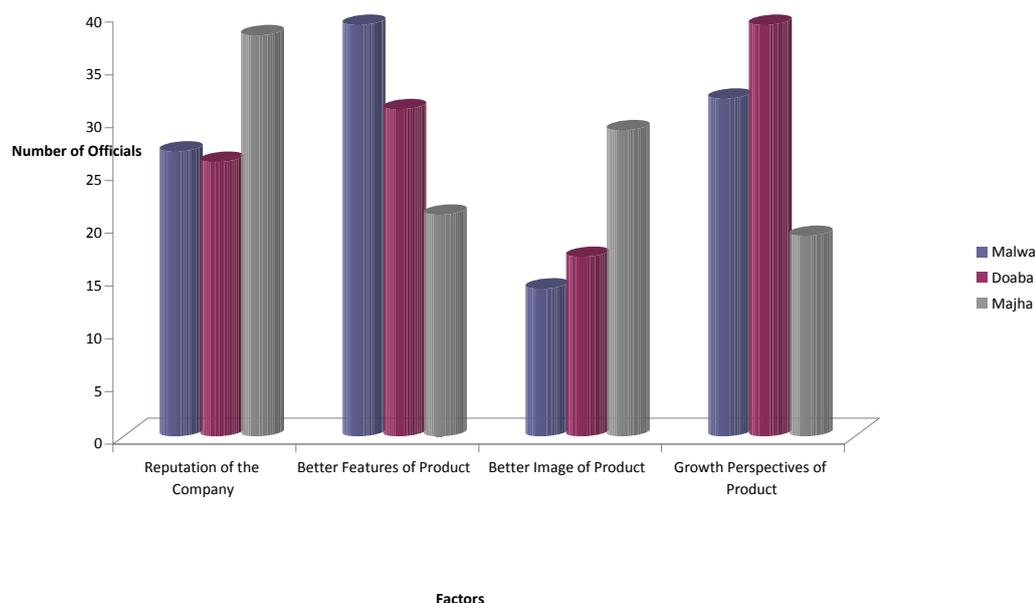
The policy holders were asked to express their level of satisfaction on the performance of the company with the attributes of ‘highly satisfied’, ‘satisfied’, ‘neutral’, ‘dissatisfied’, ‘highly dissatisfied’. These attributes were assigned weights in the order of 5,4,3,2, and 1 to work out the average level of satisfaction of the policy holders. The average level of satisfaction in the three regions was compared through ANOVA. The results, thus, obtained are presented in Table 2.

The analysis showed that 67.00 percent of total respondents were satisfied with the performance of the company while 27.67 percent of them were dissatisfied. Only 5.33 percent of them could not register their opinion in this regard. The average level of satisfaction came to be 3.57 (71.33%) among total policy holders. Though the level of satisfaction was quite high, but still 28.67 percent more satisfaction could be achieved. Insurance companies should make more efforts by exploring the weaknesses in the organization.



GRAPH - 2

## Opinion of officials about factor for identification of quality of a product



## VIII. IDENTIFICATION OF QUALITY OF THE PRODUCT

Table 19 showed the opinions of officials about the factors for identification of quality of a product. It is obvious from the Table that highest and equal proportions of respondent officials (60.67%) were of the opinion that good reputation of the company and better features of the product were the factors responsible for identification the quality of the product. These factors were followed by growth perspective of the product, which was reported by 60.00 per cent of the officials while 40.00 percent expressed preferred the company as for their growth perspectives whereas 40.00 per cent felt the quality of the product could be identified from better image of the product.

The region wise comparison showed significantly different pattern of opinions of officials. In Majha, the highest proportion i.e. 78.00 percent of officials reported better features of the product for identification of quality of a product, while it was growth perspectives of the product in Doaba region (78.00%) and reputation of the company in Majha region (76.00%). However, the differences in opinion of officials about different factors were statistically insignificant in Malwa and Doaba region. When we see the comparison between Malwa and Majha region, there were significant differences in the factors considered for identification of quality of a product. The significant Z-values indicated that the opinion of officials of Malwa and Doaba regarding different factors of quality identification of a product were significantly different than Majha officials. The opinion in favour of reputation of a company and better image of the product was significantly higher in Majha as compared to Malwa and Doaba. On the other hand, the opinion in favour of better features of a product and growth perspectives of the product was significantly lower in Majha than in Malwa and Doaba.

A significant difference was observed ( $Z$ -value=3.67\*\*) as 78.00 percent officials in Malwa region felt that the quality of product can be well identified by its better features as compared to 42.00 per cent of the officials in Majha region. Only 28.00 percent officials in Malwa region reported the good quality of product through better image as compared to 58.00 per cent in Majha region and thus a significant difference ( $Z$ -value=3.03\*\*) was observed in the opinion of the officials of the two regions. However 64.00 per cent in Malwa and 38.00 per cent in Majha region gave the opinion of identification of the product quality by its growth perspectives and a significant difference ( $Z$ -value=2.60\*\*) was found. As much as 76.00 percent officials in Majha region felt that the reputation of the company describes the quality of product as compared to only 54.00 per cent officials in Malwa region. Again a significant difference ( $Z$ =2.01\*) was observed.

The difference in the opinion of officials of Doaba and Majha region showed that a significant difference ( $Z$ -value=4.05\*\*) was found as 78.00 per cent officials in Doaba region preferred the growth perspective of the product to identify its quality as compared to 38.00 per cent in Majha region. As much as the reputation of the company was concerned 76.00 per cent officials in Majha region considered it as the identification factor of the quality of a product as compared to only 52.00 per cent in Doaba region and a significant difference was observed ( $Z$ -value=2.50\*) between opinions of these two regions. As high as 62.00 percent officials in Doaba region and 42.00 per cent in Majha region considered better feature of the product as an identification factor of quality of a product. Again a significant difference was there ( $Z$ -value=2.00\*). However, product having better image have good



quality was opined by 58.00 per cent officials in Majha region as compared to 34.00 per cent in Doaba region with a significant difference (Z-value=2.41\*).

### IX. SUGGESTIONS

On the basis of the theoretical, historical and evidential findings of the study, following suggestions are being put forth, which may be helpful in improving the service level of life insurance companies for the consumers in the insurance sector:-

1. Considering the centrality of delivering higher customer, value marketing must identify the customers' perception of value and act upon it.
2. Consumer value is inherent to the use of some products and hiring of some services. In reality, it is a consumer's perception of value and is not something objectively determined by a seller of product or services provider.
3. Public awareness is required that whenever there is a delay in payment of insurance amount or delay in settlement of claims or faulty determination of claims or non-payment on unreasonable grounds, amount deficiency in service on the part of insurance company and complaint can be filed under the Consumer Protection Act, before the consumer forums.
4. A well developed and consumer friendly insurance sector is needed for economic development of the country as it provides long term funds for infrastructure development and at the same time strengthens the risk of taking ability.
5. It is the high time for the insurance companies to have terms clearly defined in the insurance policy with a reasonable clarity and not to continue with a old forms which at time are vague.
6. Agents do not provide customized service once their policy is sold rather they adopt callous attitude towards the policy holders and they become totally indifferent. So, Agents be appointed by the companies, who are persons of ability, integrity and standing.
7. Each and every product/ policy/ scheme of insurance should be transport enough so that even a layman is able to understand it and analyze it.
8. The insurance companies should show genuine concern for the consumers if they are really serious for their business failing which they will loose the confidence of people.
9. Although various acts, rules and regulations have been passed in India, yet the reality is that the life insurance consumer is not fully satisfied and life insurance companies are still exploiting and fleecing the consumers. Hence, more consumer awareness and protection through legal way is required.
10. Regulators must formulate strong and fair guidelines and ensure that old and new players are subject to the same rules and at the same time the government should ensure that the IRDA does not become yet another toothless tiger like TRAI.
11. It is only recently that Service Quality Management has begun to receive substantial attention from Human.
12. The processes, procedures, systems and technology that would make a service a seamless one. Customers would always like and expect the service delivery processes to be perfectly standardized, streamlined, and simplified so that they could receive the service without any hassles, hiccups or undesired/inordinate questioning by the service providers.

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