

**CUSTOMER PERCEPTION OF SERVICE QUALITY DIMENSIONS, A STUDY
WITH PARTICULAR REFERENCE TO LIFE INSURANCE CORPORATION
OF INDIA (LIC) IN TIRUNELVELI DISTRICT, SOUTH INDIA.**

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ABSTRACT

Insurance sector is one of the most important entities which has been growing relatively fast in India. At present there are twenty three major players in the Indian life insurance industry out of which Life Insurance Corporation is one of the leading public sector companies that holds largest number of policies in the world to suit different financial requirement of an individual. With a greater choice and an increasing awareness, there is a continuous increase in the customer's expectations and they demand better quality service. Therefore, to sustain in the market, service quality becomes a most critical component of competitiveness for Life Insurance Corporation of India. The purpose of the present study is to measure customers' perception towards service quality of Life Insurance Corporation of India.

Key words: Insurance, Policies, Awareness, Quality, Services.

INTRODUCTION:

The liberalization of Indian economy ushered in an era of competitive marketing leading to the radical changes in the entire gamut of products and services. The service sector, hitherto limited in nature and scope, changed into an aggressive mode appropriating the front stage touching almost every sphere of human activity, viz., banking, insurance, information technology, welfare etc. and accounted for approximately two-thirds of worldwide GNP right from the beginning of the twenty first century (Kara *et al.*, 2005). Delivering quality service is considered to be an essential strategy for success and survival in today's competitive environment (Dawkins and Reichheld, 1990; Parasuraman *et al.*, 1985; Reichheld and Sasser 1990; Zeithaml *et al.*, 1990). In the literature, the construct of quality is conceptualized based on perceived service quality (Hishamuddin *et al.*, 2008). Perceived service quality is defined

as global judgment, or attitude, relating to the superiority of the service (Parasuraman *et al.*, 1988).

In the huge service sector, insurance sector is one of the most important entities which has been growing relatively fast in India. At present there are twenty three major players in the Indian life insurance industry out of which Life Insurance Corporation is one of the leading public sector companies that holds largest number of policies in the world to suit different financial requirement of an individual. With a greater choice and an increasing awareness, there is a continuous increase in the customer's expectations and they demand better quality service. Therefore, to sustain in the market, service quality becomes a most critical component of competitiveness for Life Insurance Corporation of India. By providing quality services to its customers, the Corporation can differentiate itself from other service firms that are continuously striving to improve its profitability. The purpose of the present study is to measure customers' perception towards service quality of Life Insurance Corporation of India.

What Is Life Insurance?

Life insurance is a contract that pledges payment of an amount to the person assured (or his nominee) on the happening of the event insured against.

The contract is valid for payment of the insured amount during:

1. The date of maturity, or
2. Specified dates at periodic intervals, or
3. Unfortunate death, if it occurs earlier.

Among other things, the contract also provides for the payment of premium periodically to the Corporation by the policyholder. Life insurance is universally acknowledged to be an institution, which eliminates 'risk', substituting certainty for uncertainty and comes to the timely aid of the family in the unfortunate event of death of the bread winner. By and large, life insurance is civilization's partial solution to the problems caused by death. Life insurance, in short, is concerned with two hazards that stand across the life path of every person:

1. That of dying prematurely leaving a dependent family to fend for it.
2. That of living till old age without visible means of support.

Types of Life Insurance in India

Life insurance products come in a variety of offerings catering to the investment needs and objectives of different kinds of investors. Following is the list of broad categories of life insurance products:

Term Insurance Policies

The basic premise of a term insurance policy is to secure the immediate needs of nominees or beneficiaries in the event of sudden or unfortunate demise of the policy holder. The policy holder does not get any monetary benefit at the end of the policy term except for the tax benefits he or she can choose to avail of throughout the tenure of the policy. In the event of death of the policy holder, the sum assured is paid to his or her beneficiaries. Term insurance policies are also relatively cheap to acquire compared to other insurance products.

Money back Policies

Money back policies are basically an extension of endowment plans wherein the policy holder receives a fixed amount at specific intervals throughout the duration of the policy. In the event of the unfortunate death of the policy holder, the full sum assured is paid to the beneficiaries. The terms again might slightly vary from one insurance company to another.

Unit linked Investment Policies (ULIP)

Unit linked insurance policies again belong to the insurance cum investment category where one gets to enjoy the benefits of both insurance and investment. While a part of the monthly premium payout goes towards the insurance cover, the remaining money is invested in various types of funds that invest in debt and equity instruments. ULIP plans are more or less similar in comparison to mutual funds except for the difference that ULIPs offer the additional benefit of insurance.

Pension Policies

Pension policies let individuals determine a fixed stream of income post retirement. This basically is a retirement planning investment scheme where the sum assured or the monthly payout after retirement entirely depends on the capital invested, the investment timeframe, and the age at which one wishes to retire. There are again several types of pension plans that cater to different investment needs. Now it is recognized as insurance product and being regulated by IRDA.

STATEMENT OF THE PROBLEM:

Life is full of risk and uncertainties. Since we are the social human beings we have certain responsibilities too. Indian consumers have big influence of emotions and rationality on their buying decisions. They believe in future rather than the present and desire to have a better and secured future. In this direction life insurance services have its own value in terms of minimizing risk and uncertainties. Indian economy is developing and having huge middle class societal status and salaried persons. Their money value for current needs and future desire moves the pendulum to another side which generate the reasons behind holding a policy. Insurance industry is a service-oriented unit. It renders services like providing space, displaying adequate information, maintaining suggestion box and so on to the beneficiaries. It is essential that insurance schemes should attract and satisfy the beneficiaries in different ways. Life insurance has today become a mainstay of any market economy since it offers plenty of scope for garnering large sums of money for long periods of time.

Ever since its inception in 1956, the Life Insurance Company in India has been providing better service to the society, which is highly insecure. The beneficiaries once when they become a part of the LIC feel free about the safety on their wards. The families of the non-beneficiaries meet out uncertainty on the death of the breadwinner. So there is an attraction towards life insurance. People who care much about them and their families become beneficiaries of life insurance. The tastes and preferences of beneficiaries are indifferent. The LIC of India has been introducing variety of policies suiting the tastes and preferences of the beneficiaries.

It is observed that many policyholders have taken more than one policy. It is a clear indication that they are very much interested in utilizing maximum benefits from LIC. Some people give due importance to money value due to high returns on their investments. But greater risks are inherent advantages expected from LIC products. One can continuously utilize the corporation in various ways by becoming LIC policyholders. The extent of utilization of LIC policies also differs from person to person for the above said reasons. Extent utilizations represent the value and the number of LIC products purchased and thereby availing multifarious utilities and services offered by the LIC.

The advent of private foreign insurance companies in India has become a competition of the LIC of India. The policyholders once satisfied with the service of the LIC of India started evaluating the services of the other private insurance companies. Thus, the attitude of the policyholders towards the LIC of India has started changing in the present days. There are murmurs at different corners as to the services of the LIC of India.

More and more new private insurance companies coming up year after year and, these new and private insurance companies adopt aggressive marketing strategies to introduce their products called policies and to attract the potential policyholders. It is witnessed that new policies like ULIPs, are introduced by the new private life insurance companies. It is in this

concept this study has been undertaken to assess and analyze the service quality perception of policyholders towards insurance services offered by Life Insurance Corporations of India in the study area.

OBJECTIVES OF THE STUDY:

1. To study demographic profile of insurance beneficiary in Tirunelveli.
2. To assess the factors influencing customers to select insurance service.
3. To assess and analyze the service quality perceptions of customers.
4. To find out the problems faced by the respondents in availing insurance services
5. To offer suggestions to improve the service quality of LIC of India.

HYPOTHESES OF THE STUDY:

The following hypotheses have been formulated for the study:

1. There is no significant relationship between area of residence and age, gender, marital status, educational qualification, occupation and monthly income of the respondents.”
2. There is no significant association between the influencing factors and the opinion regarding the selection of insurance policy.
3. There is no significant relationship between reasons for taking insurance policy and customer perception.
4. There is no significant association between the service quality of Insurance and various tangibility factors, reliability factors, responsiveness factors, assurance factors and empathy factors.

METHODOLOGY

Research methodology is a way to systematically solve the research problem. It may be understood as a science of studying of research done scientifically. The scope of research methodology is wider than that of research methods. When one talks about research methodology he / she not only talk about research methods but also consider the logic behind the methods used in the context of our research study and explain why a particular method or technique is used.

The methodology part of the present study consist of

1. Selection of the Sample
2. Formation of the Interview schedule

3. Collection of Data
4. Consolidation of Data
5. Analysis of Data, interpretation
6. Findings & suggestions, conclusion

Collection of Data (methods of data collection)

There are two major approaches for gathering data. There are

- ✓ Primary data
- ✓ Secondary data

Primary data

Primary data is the data which is collected for the first time by investigators. Primary data were collected by using well structure Interview schedule.

Secondary data

Secondary data refers to the data collected from books, websites, journals and News Papers.

Consolidation of Data

The collected data has been consolidated in the form of schedules for the purpose of interpretation; tabulation and formation of master table for analysis purpose. After the classification, the data have been processed (analysis) by using various statistical tools and diagrammatic illustration are given for easy understanding.

Analysis of Data

Descriptive research design was followed in the study. The Following Tools were applied to analyses the data

- ✓ **Simple percentage Analysis:** Helps to simplify the collected data, all the data collected through the interview schedule was converted to percentage, one main reason is many of the tools in the statistics rely on percentage and next when data is converted to percentage it is easy to understand and draw inferences.
- ✓ **Chi-Square:** Chi-square test is applied to test the goodness of fit, to verify the distribution of observed data with assumed theoretical distribution. It was employed to know whether the attributes are associated with each other. Karl Pearson has developed a method to test the difference between the theoretical (hypothesis) and the observed value.

- ✓ **Simple Ranking:** was adopted to find out the top ranked and least ranked variable out of the list of variables this helps to find out which variable is responsible for a particular activity.
- ✓ **Anova (Analysis of variance):** test is used by the researcher to find the significant differences existing among the three or more sample groups in relation to a variable. The total variance in a set of data is divided into variation within groups and variation between groups.

Research Design

Research design refers to a path or way of carrying out the research. This research is about the quality of services offered by the Life Insurance Corporation of India in Tirunelveli. Survey method is adopted. Both secondary and primary data have been used to study the objectives of the research.

Sampling design

Simple Random sampling method is used to collect the data from a sample size of 120 respondents.

Sampling area

This study covers the Tirunelveli city only which is considered to be the Oxford of South India. The literacy rate of Tirunelveli is very high and the district was surrounded by various government colleges, private colleges, medical colleges and universities offer the various arts, sciences, engineering and medical courses to satisfy the educational need of the students. Students also come from various places for educational purpose. The climate of Tirunelveli is now-a-days have changed due to highly polluted environment, climate change, real estate, low rain and high survival need and improper consumption habit of the people.

Period of the study

The study covers a period of one year from June 2015 to June 2016.

Limitations of the study

- ✓ The researchers have restricted the study to Tirunelveli District alone hence any findings, suggestions and recommendations can be extrapolated for other districts and regions.

- ✓ The primary data were collected through interview schedule which is subjected to recall bias. However, sufficient care was taken at every stage to reduce the error through cross checks.
- ✓ The sample size is very small and hence, the data cannot be used universally, as it may ultimately affect the accuracy of the study.

Results and Discussions

Findings

1. Majority of the age group of the respondents are 20-30(60%).
2. Majority of the respondents are male. There are 64 male respondents (53.3%) and remaining 56 respondents (46.7%) are female.
3. In the study area, majority of the respondents are unmarried (53.3%) and only 46.7 of the respondents are single.
4. It is inferred from the study that 56.7% of the respondents reside in urban area, 36.7% of the respondents reside in rural area and 6.7% of the respondents reside in semi-urban area. It is clear from the study that majority of the respondents are residing in urban area.
5. Majority of the respondents (40%) are Post Graduates in their educational qualification.
6. Majority of the respondents (38.3%) are government employee.
7. Majority of the respondents (26.7%) have the family monthly income of Rs.10,001-20,000.
8. Majority of the respondents (36.7%) have the average monthly savings of below Rs.3,000.
9. Majority of the respondents (51.7%) have the average monthly savings in insurance of Rs.1,000-2,000.
10. Majority of the respondents (58.3%) are having the traditional policies.
11. Majority of the respondents (51.7%) are paying premium on monthly basis.
12. Majority of the respondents (33.3%) have been availing insurance services from 5-10 years.
13. Majority of the respondents (68.3%) have suggested that friendly services are highly important.
14. Majority of the respondents (38.3%) are satisfied about the quality of service extended by the insurance company under study.

Hypotheses Findings

15. There is no significant association between the influencing factors and the opinion regarding the selection of insurance policy.
16. There is a significant association between reasons for taking insurance policy and customer perception.
17. There is no significant relationship between the age, gender, marital status, educational qualification, occupation, monthly income and area of residence of the respondents.

18. There is no significant association between the service quality of Insurance and various tangibility factors, reliability factors, responsiveness factors, assurance factors and empathy factors.
19. "Risk coverage" is ranked first with the highest score of 89.80 and good mode of savings has been ranked last with a score of 29.60.
20. "Waiting for a long time" is ranked first with the highest score of 54.33 and agent's improper service" has been ranked last with a score of 19.08.

Suggestions

1. Most of the rural customers suggest that staff should do their work properly and they should improve their knowledge and staff must be present in office on time and the staff should provide friendly service to customers, reminder should be sent properly; the communication system should be developed; LIC of India should meet the agents monthly and customers should not be made to wait for long time in a counter.
2. Customers should be given better service as that of the private insurance companies and customers should be well received with due respect.
3. Most of the urban customers suggest that own building is a must for every branch at every place for Life Insurance Corporation of India, bonus rate has to be increased and rate of interest on loan has to be curtailed; latest technology on IT can be utilized to the optimum, e-office governance, paperless office and 'Go Green' project may be implemented by LIC of India. Prompt and proper reminders should given for renewal premium payment; and more efforts especially promotional efforts should be taken by LIC to attract more potential customers towards enhancing new policies.
4. A large number of urban customers suggest that staff should serve still friendlier; information about policy should be settled within the time and there must be no delay in claim/final settlement; counter facilities should be improved in LIC branch offices and also at premium paying points; customers should be given friendly services; and tangibility aspects should be developed in LIC branch offices.
5. A few urban customers suggest that there should be no lock in period and whatever amount paid by the policyholder should be given back; and whenever there is a shift of residence new address needs to be updated without fail and delay; and both agents and office staff should give answers/explanations in a polite way to the customers when customers pose questions/queries.
6. The branch offices of LIC of India should pay more focus on improving infrastructural facilities including provision of vehicle parking facility.
7. As majority of the respondents are moderately satisfied with the service quality of insurance services of LIC of India, in Tirunelveli. The authorities need to pay adequate attention in making customers to have high level of satisfaction.
8. Customers ranked the problem 'Waiting for a long time' 'Lack of proper direction by office staffs' and 'Inadequate staff' as the top three problems. Hence, it is suggested that the branch

office staff of LIC of India should see that customers are given quality service as quick as possible despite it's under- staffing. It is also suggested that customers should always be given proper direction by branch office staff.

Conclusion

The researchers have felt that the study has served the purpose for which it was carried out. As the study is a novel one, a humble and a maiden attempt has been made by the researchers to explore the avenues as to fulfill the objectives of the study. Sincere efforts have been made by the researcher to study the chosen problem of assessing service quality perception of customers about LIC of India in the study area. Despite the inherent and inevitable limitations of the study, all the specified objectives have been genuinely arrived at. The researcher hopes that the findings of the study would be of great help for the officers and agents of LIC of India to enhance the service quality. The researchers strongly believes that if the suggestions that are offered both by the sample respondents and also by the researcher in the study is duly considered and subsequently if necessary remedial measures are taken by the officials concerned to provide prompt delivery of the promised quality life insurance services.

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