

**“An Empirical Study on Service Quality and Customers’
Satisfaction of LIC Policyholders in Surat City”**

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Abstract:

Life Insurance Corporation of India is the only public sector insurance company in India and enjoyed a monopoly for a long time. After post-liberalization, private players increased in the insurance sector which gives tough competition to LIC. The Indian Life Insurance sector has witnessed a major improvement in 1999 with the establishment of the Insurance Regulatory and Development Authority (IRDA) and the subsequent entry of Private sector players. These changes are affecting the way service is being delivered. Technology usage, new innovative product introduction, and competition are seen as drivers of the quality of service being provided to the customers. In this study, we have examined the importance of service based on the 5 dimensions viz, Tangibles, Reliability, Responsiveness, Assurance, and Empathy. 100 Life Insurance policyholders from Public life insurance company in Surat were used for the study. The study identified that the gaps exist even after 15 years of privatization of this sector. The study indicated that a lot needs to be done for improving customer focus and service activity in the Life Insurance sector. Regular customer surveys with increased sample sizes across the country will enable the Insurance companies to fill the gaps.

Keywords: Life Insurance, Customers, Services, Satisfaction Index

Introduction:

Life insurance is a contract between an insured and an insurer or assurer, where the insurer promises to pay a designated beneficiary a sum of money in exchange for a premium, upon the death of the insured person. Depending on the contract, other events such as terminal illness or critical illness may also trigger payment. The policy holder pays a premium, either regularly or as a lump sum.

Life Insurance in India was nationalized by incorporating Life Insurance Corporation (LIC) in 1956. All private life insurance companies at that time were taken over by LIC. In 1993, the Government of India appointed RN Malhotra Committee to lay down a road map for privatization of the life insurance sector. In the year 2000, Insurance Regulatory and Development Authority IRDA— started issuing licenses to private life insurers. Life Insurance is the fastest growing sector in India since 2000 as Government allowed Private players and FDI up to 74%.

LIC of India enjoyed its monopoly in insurance sector in India till private players entered. However, with the entry of new players, the insurance market changed almost overnight. The private insurers seemed all set to make the industry marketing-driven, wherein technical and service excellence would be the key factors of success. The private companies, in a bid to make

their presence felt and their brand noticed, initiated a series of aggressive marketing and promotion initiatives, something that buyers of insurance were not accustomed to.

Service quality is how well the service provided is meeting the expectation of customer who perceived it. That is, providing high-quality service as per the expected standards of customers resulting in satisfied customers (James et al., 1983). It is a perceived judgment, resulting from an evaluation process where customers compare their expectations with the service they perceive which they have received (Grönroos, 1984). However, due to the unique features of service such as performance-oriented, intangible, heterogeneous, inseparable, and perishable. It is difficult not only to measure service quality, but also to provide the same quality of services to all customers. The gap model (Paraguyan, Zeithami and Berry, 1985) was identified to address this problem.

Review of Literature:

Sonia Chawla and Fulbag Singh (2008) in their study identified the service quality factors affecting customer satisfaction levels of the policyholders. Study is based on responses of 210 policyholders from northern India. Reliability analysis and factor analysis have been carried out to test data that was collected through survey method. Finding reveals that accessibility factor has a higher mean satisfaction as compared to mean satisfaction of reliability and assurance factors. Comparison of overall mean satisfaction based on various factors extracted, showed that respondents who had purchased insurance policies before privatization, had a higher mean score as compared to the respondents who took insurance policies after privatization.

C.N. Krishna Naik ,Swapna Bhargavi Gantasala and Gantasala V. Prabhakar(2010) analysed the gap between perceptions and expectations of the customer, concerning with the service at retail units in the South Indian state of Andhra Pradesh. Its main purpose is to describe applied of service quality (servqual) dimension in retail Business, to know service quality (servqual) dimensions that make customers satisfied, and to know service quality (servqual) dimensions that are dominant in influencing customer satisfaction.

Tripathi. S (2009) in his review proposed the target to coordinate the execution of LIC and private insurance agencies. Examination amongst LIC and private life safety net providers has been done on the possibility of development, size, profitability and grievances dealing with instrument. Private organizations are giving direct rivalry to LIC. LIC could be a commanding player notwithstanding when privatization related at the present there's a wealth extent of protection development inside the Indian market. This review finds that LIC has an expansive customer base. The creator inferred that LIC could be a most famous and driving brand with forceful advancing methodology. It was likewise analyzed inside the review that private partnerships are giving direct rivalry to LIC.

Binod S (2010) conducted a study with the title An Empirical Study on Perception of client in Insurance Sector. This study aimed on the issue, influencing buying decision and model of customer decision making method and the reasons for investing in life assurance.

Kumar et al., (2012) they state the target to match the performance of public and private insurance corporations in their study examined in the study that insurance sector along with the other elements of promoting influenced the process of liberalization and globalization in India. It is concluded in the study that insurance has these days become a main story of any laissez- market economy since it offers many scope for garnering giant sums of cash for long periods of time. Though privatization of the insurance sector is feared to have an effect on the prospects of insurance Corporation of India, the study shows that LIC continues to dominate the world. Private sector insurance corporations are making an attempt to extend their market share with their endless efforts, selection in product and sound distribution network.

Venkatesh M (2013) in his study, A Study of analytic thinking in Insurance Sector in India discusses the history of insurance and analyzes the life assurance trade in India. The study reveals that Indian insurance sector is growing at a faster rate over the years. A study also focuses on insurance density and expressed that in spite of upper insurance rate in India has less insurance density as compared to world density.

Kumari Hymavathi T (2013) in her research, expressed that the life assurance trade has achieved an amazing growth in the quantity of premium collected after the opening it for private sector. On the premise of economic performance analysis of insurance trade, it will conclude that the performance of insurance business shows a favorable growth. Further, the study suggests that for proper growth of life assurance trade, it's necessary to produce innovative product and higher facilities to policy holder. The study additionally reveals that relaxation incorporates a vital impact on the expansion of Indian life Insurance business.

Research Methodology:

- **Research Statement:**

The Research statement studied in this research paper is entitled, “An Empirical Study on Service Quality and Customers’ Satisfaction of LIC Policyholders in Surat city.”

- **Objectives of Study:**

- The objective of this study is to analyze the satisfaction of customers of LIC in Surat city.
- To analyze the satisfaction of policy holders about different aspects of LIC and its services.

- **Period of Study:**

- In this research paper data were collected from policyholders of LIC in the year 2021.

- **Area of Study:**

- The Area of study is Surat city of Gujarat.

- **Types of Data:**

- Primary and Secondary data were used for this research paper.

- **Collection of Data:**

- Primary data is collected using questionnaire method. 100 Policyholders of Life Insurance Corporation of India were selected by convenience sampling method. The secondary data were collected from journals, books, websites and internet.

- **Tools and Techniques for analysis:**

Descriptive and Survey method is used in this research paper. Statistical techniques like Tabulation, graphical method, means and satisfaction index are used in this study.

Data Analysis:

Analysis of data is a very important step after collecting the data. The data collected from the respondents were tabulated. The satisfaction index was calculated based on the responses given to each factor. For every strongly agree response value assigned was 5 marks, agree response was valued with 4 marks, the neutral as a response got the value of 3 marks, disagree response was given a value of 2 marks and for strongly disagree response value assigned was 1 mark. For each factor score was obtained by multiplying no. of responses by the appropriate value. The formula used to find out the satisfaction index was as follows:

$$\text{Satisfaction Index} = \frac{\text{Obtained Score}}{\text{Maximum Score}} * 100$$

Example: If there are 10 respondents. 5 selected strongly agree, 3 selected agree and 2 selected neutral remark.

The obtain score will be $(5*5) + (3*4) + (2*3) = 25+12+6 = 43$;

Maximum score will be $10*5 = 50$

Satisfaction Index will be $\frac{43}{50} * 100 = 86$

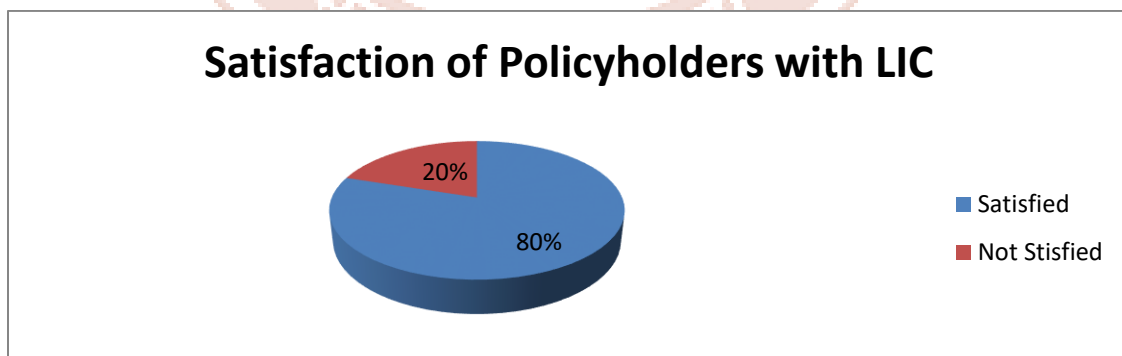
Scope of the study:

The present study is attempted to study on service quality and customers' satisfaction of LIC policyholders in Surat city. The contribution of service sector is increased in total economy of India. This study is related with life insurance sector. This sector has undergone lot of change after private players started their operations in India. Life Insurance Corporation of India is the biggest and only public sector insurance company in India as such the study is undertaken about services of LIC. The geographic area under study is Surat city of Gujarat.

Findings:

Findings based on responses given by policyholders are presented. Respondents answered various questions from the questionnaire. The survival of any organization depends on its acceptance by the customers. Getting new customers is difficult and costly affair. It makes sense to retain customers. You can retain the customers if and only if he is satisfied with your offer. LIC has strived to satisfy its policyholders in numerous ways. The feedback to the efforts made by LIC can be seen in the responses of policyholders. The study shows that 80% respondents were satisfied with LIC.

Pie chart showing satisfaction of policyholders with LIC:



(Source: Surve

Satisfaction Index of Policyholders about Rating of LIC's services:

Sr. No.	PARTICULARS	SA	A	N	DA	SDA	TOTAL	INDEX
1	Employees (staff) of LIC are neat in appearance.	15	44	40	0	1	100	74
2	Office layout & physical facilities of branches are impressive, convenient & good appearance. Office has parking facilities.	15	52	27	4	2	100	75
3	Use modern devices & Latest technology.	14	56	24	4	2	100	75
4	Quality of documents brochures, pamphlets and information availability is good.	11	62	23	2	2	100	76
5	Memorable advertisement	13	58	26	2	1	100	76
6	Documents received from LIC are error free (error free services)	13	53	32	2	0	100	75
7	LIC commitment to fulfil promised service within certain time.	16	54	27	3	0	100	77
8	Products are competitive at pricing (benefits compare to other companies) (fair bonus)	9	51	36	4	0	100	73
9	Right service and hassle free services provided	10	49	38	3	0	100	73
10	Courteous and Reliable staff	13	37	46	4	0	100	72
11	Maintaining accurate records of customers	13	53	30	3	1	100	75
12	Satisfied performance	11	51	37	1	0	100	74
13	Customers' service in time	10	41	36	12	1	100	69
14	Prompt service	13	33	38	15	1	100	68
15	Staff's willingness to help.	12	31	38	18	1	100	67
16	Trustful and honest employees	12	50	36	2	0	100	74
17	Knowledgeable staff & competent	11	56	31	2	0	100	75
18	Solve the problem of customers	7	57	34	2	0	100	74
19	Accurate decision in case of complication	14	50	31	4	1	100	74
20	Privacy maintained by LIC for customers' records	14	47	38	1	0	100	75
21	Assured services by LIC agents	12	44	42	2	0	100	73
22	Employee of LIC understand customers' needs	12	46	40	2	0	100	74
23	Employees give individual attention to customers	13	49	33	4	1	100	74
24	LIC informs about service and price change to customers.	10	56	32	2	0	100	75
25	LIC has convenient operating hours to customers	11	46	39	4	0	100	73
26	Employee of LIC respond customers' request immediately.	10	45	36	9	0	100	71
27	LIC agents always help to solve customers' queries.	16	43	38	3	0	100	74
28	Customers trust LIC staff.	11	51	35	2	1	100	74
29	Employees of LIC give services till extended hours.	11	39	34	15	1	100	69

(Source: Survey)

SATISFACTION INDEX	SERVICES
77	Promised service within certain time
76	Quality of documents brochures, pamphlets and information availability is good, Memorable advertisement
75	Office layout & physical facilities of branches are impressive, convenient & good appearance, Office has parking facilities, Use modern devices & Latest technology, free services, Maintaining accurate records of customers, Knowledgeable staff & competent, Privacy maintained by LIC for customers' records, LIC informs about service and price change to customers.
74	Employees (staff) of LIC are neat in appearance, Satisfied performance, Trustful and honest employees, Solve the problem of customers, Accurate decision in case of complication, Employee of LIC understand customers' needs, Employees give individual attention to customers, LIC agents always help to solve customers' queries, Customers trust LIC staff

Frequency of Satisfaction level:

SATISFACTION INDEX	FREQUENCY
67	1
68	1
69	2
71	1
72	1
73	4
74	9
75	7
76	2
77	1

Interpretation:

Highest satisfaction index was for fulfillment of promised service within certain time (77%) among the rating given by policyholders to services of LIC. It was very high for quality of documents brochures, pamphlets and memorable advertisements (76%).

Lowest satisfaction index was for staff's willingness to help (67%) among the ratings given by policyholders to services of LIC. It was very low for prompt service (68%). Majority services have satisfactory index with 73%, 74% and 75% ratings.

Conclusions and Suggestions:

From the study, it is concluded that the majority of LIC services have a satisfaction index above 73%. It shows that policyholders of LIC are quite satisfied with LIC. But still, some services have a lower satisfaction index. So there is a scope for improvement in many cases. Life Insurance Corporation of India is the only public sector insurance company in India and enjoyed a monopoly for a long time. After post-liberalization, private players increased in the insurance sector which gives tough competition to LIC. The survival and growth depend on customers' satisfaction. LIC enjoys its position as a market leader today, and will continue for some more time. The perceptions are quite positive and will help LIC.

• Limitations of Study:

- The study is limited to Surat city of Gujarat and result may not be representative of larger population.
- The study depicts the present scenario in the Surat city and hence the result may not be applicable to another period of time.
- The study was undertaken for LIC and only focus on life Insurance.
- Answer to the questionnaire depends upon the beliefs and prejudice of respondents which can be change in future.

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