SATISFACTION LEVEL OF LIFE INSURANCE POLICY HOLDERS IN ERODE

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ABSTRACT

Life insurance industry presents a product market relationship denominated by personalized selling .The scope of the study lies in finding out the perception of 200 policy holders in Gobichettipalayam. The main aim of the study is to ascertain the satisfaction level of Policy holders The study will be able to reveal the preferences, needs, satisfaction of the customers regarding the insurance services. It also helps Insurance to know whether the existing products or services are offering really satisfying the customers' needs. The tools for data analysis are percentage analysis, t- test and Chi-Square test (χ^2).Suitable suggestions had been given to improve the service quality customer loyalty and customer value of the Life Insurance providers.

KEY WORDS: *Customer loyalty Customer value, Customer Satisfaction and Life Insurance.*

INTRODUCTION

The Indian 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 products 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.

OBJECTIVES OF THE STUDY

- To identify the satisfaction level of policy holders.
- To find the most influential factor for customer satisfaction
- To find out whether there is any significant difference between gender with regard to the customer value, customer loyalty and satisfaction.

REVIEW OF LITERATURE

Stephanie Hussels et.al., (2003) analyse the determinants of insurance demand and how it affects general economic development. From an economic viewpoint, traditional neoclassical growth theory suggests that without technological development, economies can only grow at a fixed rate. But Endogenous growth theory states how investment and growth in one sector of an economy can provide positive externalities for other areas of the economy.

Peter Wakker et.al., (2004) examined the effects of statistical information about risk attitudes. A descriptive purpose was to obtain new insights into risk and ambiguity attitudes of the general public. 476 clients of a Dutch health insurance company were given various forms of statistical information about health expenses.

Parimal Vyas (2009) in his research on "Insurance sector in India: A SWOT analysis", observed that in India, out of 80 million insurable individuals, only 20 million have purchased life insurance, which implies that merely 10percent of the household families have access to Insurance. India's Insurance market offers immense growth opportunities considering rising disposable income levels of the middle class. Insurance penetration has doubled to 3.6 percent during 2003-06. According to the authors, insurance has been seen in India as a savings and tax minimization instrument rather that as a financial protection tool. The Malhotra committee suggested that structural changes as a key recommendation to initiate reforms in the insurance sector of India

Prashanta Athama et.al., (2010) in their study identified the factors which the consumers take into consideration before selecting the life insurance products. They classified those factors into product attributes and non-product attributes. They found that urban policy holders and product attributes like product features, risk coverage, product flexibility, surrender of policy, loan against policy, revival of lapsed policy, grace period, and maturity period, are positively associated. So they suggested that insurer should concentrate on improving the product attributes to have more penetration in urban areas. On the other hand, they found that rural policy holders and non- product attributes like agents and company are positively associated. So they suggested that insurer should concentrate on improving the non-product attributes to have more penetration in rural areas.

Mishra (2012) in his article , "Indian Life Insurance Industry – Challenges and Opportunities" , explained in essence that insurance will have issue and solution around five risk dimensions like d1 for death risk which is certain but time is uncertain, d2 for disease risk which has a high correlation with timing of death, d3 for dependency risks which will lead to annuity and pension products, d4 for duty risks which centres around education of children, marriage, funeral, acquiring a shelter etc. and d5 for disasters collateral to life like accidents and mass co-variances arising out of failure of coping arrangements in traditional society. He suggested many measures to foster the growth of insurance industry.

Sandeep et.al., (2013) focused their research on the ins and outs of the strategies adopted by the private life insurers to overcome the product-selling challenges in the Indian life insurance market. Low response, lack of knowledge about insurance benefits, lack of trust in private life insurance companies, target oriented business environment, competition from alternative channels of investment, ineffective distribution channels, lack of skilled agents, lack of penetration in rural areas, inadequacy in pay structure of the agents and trade barriers are the problems faced by the private insurance players in India. The authors suggested some strategies like innovative products, user friendly technology, innovative and integrated marketing strategy, and incentives to the high performing agents and alternative distribution channels, to overcome these challenges.

RESEARCH METHODOLOGY

The Research Design is descriptive in nature. The universe for the study is comprised of the policyholders of insurance in Gobichettipalayam, a Taluk of Erode District. This Taluk comprises of 21 Panchayats. The sample, policy holders were picked from sample frame, listed by five agents. Every Panchayat is considered as a cluster except Ammapalayam, where the population size is small. In each cluster, samples of 20 policyholders were approached at the convenience of the researcher and the policyholders but the policy holders were selected randomly. Hence a total of 200 samples were selected for the study. The tools for Data Collection are percentage analysis, t- test and Chi-Square test (χ^2)

HYPOTHESIS

H_1: There is no significant difference between gender with regard to the customer value

H₂: There is no significant difference between gender with regard to the customer loyalty.

H₃: There is no significant difference between gender with regard to the Service Quality of service provider.

H₄: There is no association between type of gender and level of satisfaction.

RESULTS AND DISCUSSION

Table 1 shows demographic profile 200 respondents.

Mean Value of Customer Satisfaction

The table 2 shows the mean value of customer satisfaction of the respondents. The most satisfied dimension is support of development officers/agents (3.27), the second satisfied dimension is affordability of premium amount (3.06), the third satisfied dimension is highlighting the benefits of rural insurance (3.04), the fourth satisfied dimension is good response during the process of the claim (2.84), the fifth satisfied dimension is timely intimation of renewal notice (2.82) and the least satisfied dimension is quick issuance of the policy (1.69).

Leven's T-test

The table 3 shows that P value (0.551) is greater than 0.05 which indicates that Null hypothesis is accepted at 5 % level of significance. Hence it is concluded that there is no difference between male and female with regard to the customer value.

The table 4 shows that P value (0.348) is greater than 0.05 which indicates that Null hypothesis is accepted at 5 % level of significance. Hence it is concluded that there is no difference between male and female with regard to the customer loyalty.

The table 5 shows that P value (0.549) is greater than 0.05 which indicates that Null hypothesis is accepted at 5 % level of significance. Hence it is concluded that there is no significant difference between male and female with regard to the service quality.

Chi-square Test

From table 6 it is seen that Chi-square value is χ^2 =2.422. Since P value (0.298) is greater than 0.05, null hypothesis is accepted at 5% level of significance. Hence, we conclude that there is no association between type of gender and level of satisfaction.

CONCLUSION

Improving service quality results in improved customer satisfaction. Life Insurance service provider's survival depends on its ability to prepare for changes in customer needs, as well as changes in regulation and technology. But the increasing expectations of customers and the introduction of many new services and technologies is making it difficult to comprehend and meet customer requirements.

Both perceived quality and customer satisfaction are two central issues in promoting customer loyalty. Many firms allocate substantial resources to measure and monitor quality, satisfaction, and loyalty in order to retain customers and improve performance.

Creating awareness among the illiterate people is very necessary as most of them don't have insurance policies. Insurance providers other than LIC should create trust and confidence so that the customer feel secured while buying private company insurance.

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LIST OF TABLES
Table 1: Shows demographic profile of respondents to the survey (n = 200)

Characteristics		Frequency	Percentage
Age	< 20	63	31.5
	20-31	86	43.0
	>31	51	25.5
Gender	Male	98	49.0
	Female	102	51.0
Marital Status	Single	92	46
	Married	108	54
Education	Illiterate	18	09
	School Level	39	19.5
	Graduate/ Post-Graduate	94	47
	Others	49	24.5
Profession	Business class	39	19.5
	Salary class	95	47.5
	Agriculture	30	15
	Others	36	18
Income group	< 8000	59	29.5
	8000 to 17750	91	45.5
	> 17750	50	25.5
Company purchased	BIRLA	09	4.5
	HDFC	04	2.0
	ICICI	06	3.0
	INGVYSA	02	1.0
	LIC	161	80.5
	RELIANCE	03	1.5
	SBI	10	5.0
	TATA	05	2.5
	Any other	0	0
Period of holding policy	Below2years	63	31.5
	2-9.5years	87	43.5
	Above9.5years	50	25.0
Motivated to buy	Government & cooperative advices	25	12.5
	Through advertisement	23	11.5
	Through friends, relatives & acquaintance	133	66.5
	Others	19	9.5
Purpose	Life cover	90	45
	Children benefits	55	27.5
	Tax benefits	22	11
	Investment	33	16.5

Table 2:-Shows Mean Value of Customer Satisfaction

	CUSTOMER SATISFACTION	MEAN
1	Quick issuance of the policy	1.69
2	Timely intimation of renewal notice	2.82
3	Good response during then process of the claim	2.84
4	Support of development officers/agents	3.27
5	Affordability of premium amount	3.06
6	Highlighting the benefits of rural insurance	3.04

Table 3:-Shows t-TEST for gender of respondents and customer value of service provider

Gender	Mean	Standard deviation	t	P value
Male	5.38	1.756	.357	0.551
Female	5.42	1.662		

Table 4:-Shows t-TEST for gender of respondents and customer loyalty of service provider

Gender	Mean	Standard deviation	t	P value
Male	15.95	2.645	.884	0.348
Female	16.96	3.131		

Table 5:-Shows t-TEST for gender of respondents and service quality of service provider.

Gender	Mean	Standard deviation	t	P value
Male	62.09	7.275	.360	0.549
Female	63.80	8.234		

Table 6 : Chi Square test

Association between type of gender and level of satisfaction					Chi-Square Value	Significant
Type of gender	Level of satisfaction			Total		
	Low	Moderate	High			
Male	34 (34.70%) [55.7%]	44 (44.90%) [48.9%]	20 (20.40%) [40.8%]	98 (100.00%) [49.0%]	2.422	0.298
Female	27 (26.50%) [44.3%]	46 (45.10%) [51.1%]	29 (28.40%) [59.2%]	102 (100.00%) [51.0%]		
Total	61	90	49	200		

NOTE 1: The value within (   ) is row percentage
NOTE 2: The value within [   ] is column percentage.