CHAPTER II

REVIEW OF LITERATURE

The review of earlier studies relevant to the present study by referring different international and national journals and studies conducted by different individuals at different period were presented in review of literature. The present study covers the whole domain of insurance customer profile, their existing purchase policy practice, customers' satisfaction and their problems, understanding of these will definitely help the insurance companies to withstand a hot competition in the market and increase their market share.

Figure 2.1 Literature review diagram
Knight 1921, Health insurance is a mechanism which enables individuals to protect themselves from financial losses arising out of accidents and disabilities. While the disability may not be fixed, immutable and precise state affected as it is by numerous influences which could be either objective or subjective, its major impact to society is that specific condition of ill health which occurs from disease or injury and thereby prevents the person from pursuing normal living routine. The hazard of disability is now universally recognized; similar to that of uncertainty which is now accepted as one of the fundamental facts of life. It may be because of this reason that the earlier society looked at health insurance as a tool to reduce the uncertainty which gets attached to disability.

Pfeffer (1965) measure the profit potential of the new life insurance companies. Major strategies applicable to new insurance companies are: grandfather strategy; hit and run; captive; brokerage; and traditional strategy. While the evaluation of profit potential for new companies could be practically impossible owing to reasons such as scarcity of useful published data of actual performance, research further concludes that only few companies were capable of continuing business in near future.

Peterson et al (1972) study the effect of marketing innovations in the life insurance sector. Study shows that innovation flows in two steps - from innovator firms to large firms and further to others. Further it observed that relative advantage of new innovating firms is very short lived especially when the offering is unprotectable. It recommended that future research on diffusion of competitive innovation among sellers must consider industry characteristics such as "ability to protect innovations."
Swan and Combs (1976) found that it is seldom clear which general dimensions of product performance are important to the consumer and how these dimensions are related to satisfaction. This study examines one aspect of the relationship between expectations, performance, and satisfaction. The main argument in this article is that satisfaction involves the two processes: instrumental performance; and expressive performance. Further, the study predicts that instrumental performance would be a necessary condition, but not sufficient for satisfaction. Dissatisfactory items might involve failures of instrumental performance to meet out the expectations.

Rothschild and Stiglitz (1976), assumed that individuals are risk averse and further that there is no moral hazard. It was found that the amounts of the loss, as well as the probability are not influenced by the presence of insurance coverage. They also assumed that individuals can buy at most one insurance contract, thereby recognizing the fact that insurance companies are able to ration the degree of insurance coverage offered to individual. In their results the single price equilibrium of conventional competitive analysis was shown to be no longer viable; further, the market equilibrium, as it existed, consisted of contracts which specified both price and quantities; further the high-risk individuals were found to exert a dissipative externality on individuals with low risk category. Their model had observed that in a situation with information asymmetry, insurance companies were to limit the amount of insurance guaranteed (also called sum-insured) in order to improve available information on customer’s risk.
**Grossman (1979)**, found that all potential health insurance customers know that in equilibrium any loss making contract would definitely be withdrawn from the market. Hence, when high-risk individuals submit their application for insurance they would self-restrain their choice to the set of contracts which would be chosen by low-risk and to those which would definitely not entail losses even if they are chosen only by high-risk individuals. Further by anticipating insurers’ strategy high-risk individuals would realize that any other strategy would ultimately lead them to be completely excluded from the market.

**Meidan (1982)** identified different marketing strategies for insurers, thereby suggesting that the selection of an appropriate strategy should always be based on the external forces and the internal conditions facing the firm. There are two broad categories of marketing strategies for insurance: growth strategies and competitive marketing strategies.

**Fitzgerald (1987)** developed a utility maximizing model for married customers thereby enabling to choose the amount of insurance it wants on each of its customers. Social security survivor benefits were further found to influence the demand of life insurance on an earning person, while the social security benefits that are found to be conditional on the earner's survival would increase the demand. Husband and wife's future earnings are found to increase the demand for insurance on husband's life.

**Gronroos, (1990)** found that a customer’s perception of face-to-face interaction with the service employee is considered one of the most important determinants of customer loyalty. Health insurance service was chosen for this study
as it is a pure service and there are few studies on future customer BI in service literature. Although service quality is an extensively researched concept but still its discussion is not straightforward. In addition, to understand the concept of service quality better, components such as service and quality are to be discussed. Services are processes of activities aiming to provide solutions to customers’ problems, with most other characteristics of services being consequences of their process nature.

**Fornell (1992)** identified that the satisfaction as an overall evaluation based on the total purchase and consumption experience of the target product, or service performance compared with pre-purchase expectations overtime.

**Woodside et al., (1992)** found that the professional services area have found that customers of business services tend to remain with the same provider if continually satisfied. Thus in case of insurance policies as well as satisfied customer will purchase insurance policies again from the same company, will buy the same policy and new policies, and will spread positive word of mouth, give referrals.

**Browne and Kim (1993)** identified the factors that lead to the variations in life insurance demand across countries. Some of the important factors were dependency ratio, education level, national income, social security, inflation, average life expectancy, price of insurance and religion. Study found that life insurance is positively correlated with national income and negatively correlated with inflationary expectations, which suggested that economic development and economic stability greatly increase life insurance consumption.
Toran (1993) identified that the customers for health insurance services depend on the agent’s integrity and advice and, therefore, the quality of the agent’s service and his relationship with the customer are critical in selling insurance and retaining customers.

Mano and Oliver (1993) referred that the satisfaction as an attitude or evaluation judgment varying along the hedonic continuum focusing on the product, which is evaluated after consumption.

Anne M. Smith, Barbara R. Lewis (1994) emphasized that the findings are presented from an investigation of customer care in major UK organizations in the financial services sector. Focus was on the need for customer care and service quality and also on the development, implementation and evaluation of customer care/service quality, and the development, implementation and evaluation of customer care programmes, as well as associated staff and management training activities.

Dick and Basu, (1994) identified that the loyal customers are less likely to switch to competitors in view of a given price inducement, and they make more purchases compared to less loyal customers. Although most research on loyalty has focused on frequently purchased package goods (i.e., brand loyalty), the loyalty concept is also important for industrial goods (i.e., vendor loyalty), services (i.e., service loyalty), and retail establishments (i.e., store loyalty).
Halstead et al., (1994) considered that the customer satisfaction as an effective response that focuses on product performance against some pre-purchase standard during or after consumption.

Morgan and Hunt (1994) revealed that the “trust is existed when one party has confidence in an exchange partner’s reliability and integrity”. It is further defined as the firm’s willingness to depend on the exchange partner whose behavior is actually not under its control.

Morgan and Hunt (1994) found that the partner’s perception that past communications from another party have been frequent and of high quality that is relevant, timely, and reliable this will result in greater trust Consequently, the integrated management of marketing communications activities, regardless of the source of communication messages, is required in relationship marketing.

Parashuraman et al., (1994) found that the customer satisfaction is defined as ‘the degree of concordance between expectations and experience, further where comparability is apparent, the customer is considered to be satisfied'.

Muffatto and Panizzolo (1995), developed a framework for customer satisfaction and provide a detailed description of the relationship structure between the different elements of the organisational structure. The authors propose a framework for the analysis of the organisational processes related to customer satisfaction. The framework has three sections; planning processes, design processes and monitoring processes. This means using an integrative and holistic approach, which optimises the interaction of primary processes and activities.
Gupta (1996) revealed that insurance sector reforms are a part of the government’s priorities. It further concluded that there is an immediate need of a regulatory framework to open up the insurance industry.

Hallowell (1996), found the relationship between profitability and intermediate, customer-related outcomes which managers can influence directly. The findings support the theory that customer satisfaction is related to customer loyalty, further related to profitability. This paper presents an empirical analysis of one retail bank. The author posits that although customer satisfaction is related to profit, a bank should not endeavour to satisfy every customer. Banks should target and serve only those customers whose needs it can meet better than its competitors in a profitable manner.

Outreville (1996) presented some empirical tests of the relationship between financial development and the development of the life insurance sector and provides empirical evidence of the negative effects of a monopolistic market on life insurance growth. In addition, study observed that skilled human capital is a source of competitive advantage because industries in developing countries suffer from a major handicap of shortage of skilled personnel.

Zeithaml et al., (1996) explored that the selling cost of an insurance policy is recovered only when the policy is renewed for three to four years.

Anderson et al (1997) examined the links between customer satisfaction and productivity. The authors present a conceptual framework useful in resolving these contradictory viewpoints. The findings indicate that the association between changes
in customer satisfaction and changes in productivity was found to be positive for goods and negative for services.

Oliver, (1997) found that customer satisfaction is viewed as the outcome of a comparison process between perceived product/service performances and previously held expectation, when performance exceeds expectation satisfaction occurs, while performance below expectations results in dissatisfaction.

Patterson et al., (1997) identified that the customer satisfaction has been examined as an antecedent of purchase intention; repurchase behavior and profitability.

Bowen and Shoemaker, (1998) revealed that the customer’s satisfaction positively affects customers’ loyalty. Customer loyalty is concerned with the likelihood of a customer coming again, making business referrals, providing strong word of mouth, as well as offering references.

Donthu and Yoo (1998) examined that the influence of culture on service expectations.

Haidar and Birly (1998) identified that the customers may find out whether their counterpart is trust worthy or not by recognizing the following characteristics as proposed.

Mittal (1998) examined that the global market to observe that how the new sense of competition would come to the market after the liberalization of non-life insurance markets structure and operations in India.
Shekar Chandra Sahoo (1998) discussed that the various issues relating to health insurance marketing. He has given a detailed note about new kinds of products and intimacy with the market and a constant technology adoption for survival as well as for a consistent growth. Innovative business concepts will have an even more powerful impact on the organization future and its place in the global market.

Berry, (1999) found that the majority of services are first sold and then simultaneously produced and consumed, very often requiring the physical presence of customers.

Jha (1999) found that improvement in health and advancement in medical science has changed customers’ needs for insurance products worldwide. In addition, the focus of the insurers in matured markets of the West has shifted to pension, protection and health care products.

Krishnan et al (1999) revealed that the customer satisfaction for financial services. On the methodological front, this paper introduces a new Bayesian approach for estimating customer satisfaction models. On the managerial front, the analysis indicates that satisfaction with product offerings is a primary driver of overall customer satisfaction. Satisfactions with the quality of financial reports and the quality of automated telephone service through call centers are important.

Pralahad and Krishnan (1999) found that the companies that have a stronger market orientation and view customers as a priority as part of the company culture exhibit superior performance.
Randhey and Ahuja (1999) explained that the need for private sector entry has been justified on the basis of enhancing the efficiency of operations, achieving a greater density and penetration of health insurance in the country, and for greater mobilization of long-term savings for long gestation infrastructure projects.

Smith et al (1999), developed a model of customer satisfaction with service failure/ recovery encounters. The authors execute the research in the context of two different service settings, restaurants and hotels. The results of this research provide organisations with guidelines for developing service recovery. These guidelines can be used to implement service delivery systems that include provisions for appropriate recovery efforts, allocate recovery resources to maximise returns in terms of satisfaction and then train employees to recognize failures and reduce their effects on customers.

Zimmerman (1999) found the insurance industry and on insurance firms' actions designed to cope with barriers to international trade. He found that there are 26 barriers to insurance trade, which could prove discriminatory against foreign insurers. Respondents opined that barriers can become a critical factor if they create prohibitive costs or difficulties for the firm's entry. Study had also proposed a new market entry decision model based on the findings.

Anbil Battacharya (2000) stated that the banking industry is penetrating into the insurance industry. He suggested that the eligibility criteria (framed by the IRDA-minimum net worth to the extent of Rs.500 crores, reasonable level of Non Performing assets of the Bank, continuous profits for the first three years) might be relaxed (10% of the net worth Rs.50 crores as minimum net worth).
Bhat & Mavalankar, 2000 Health insurance has gained importance since the privatization of the insurance sector in India. Further the entry of standalone insurance company has triggered the growth and focus in this area. In India only 2 percent of total health expenditure were funded by public/social health insurance while 18 percent is funded by government budget.

Brodie et al., (2000) found that the contemporary marketing practice (CMP) group identified a number of factors that are causing the change in the nature of marketing practice.

Furrer et al., (2000) established that the importance of SERVQUAL dimensions varies across people from different culture backgrounds. They also accepted that culture is not necessarily identified with Nation and measured culture at the levels of individuals.

Furrer etal. (2000) found that the driver of peoples’ thoughts, wishes, perception and behavior, culture influences services quality perception through service expectations.

Kanji and Wallace (2000) recognized customer as economic assets. When a customer recognises quality, it is reflected in customer satisfaction. Customer satisfaction in turn, can lead to increased revenue. But for a business to be successful in the long run, it must satisfy customers at a profit. In this paper, the authors have used a condensed version of Kanji's (1998) generic Business Excellence model to measure organisation with the help of 10 interrelated latent variables. These are;
leadership, delight the customer, customer focus, process performance, people-based management, continuous improvement, improvement culture, business excellence.

**Rao Tripti, D. (2000)** stated that the privatization of insurance industry is based on the view that competition would enhance efficiency through increased resource utilization. It would spill over as benefits to the consumers in terms of reduction in premium costs with proper pricing policy and wider choice. Liberalization may also increase the scope of operation of insurance business from limited area to untapped areas like health, crop and unemployment.

**Bei and Chaiao (2001)** found that the customer satisfaction as the function of perceived service quality, product quality and price which is measured by a customer’s overall judgment.

**Bowen and Chen (2001)** developed and implemented a method for hotels to identify attributes that will increase customer loyalty. Based on surveys from hotel guests, the results verify that customer satisfaction does not equal customer loyalty. Managers should realise that having satisfied customers is not good enough; they must have extremely satisfied customers. The results of study also support the contentions that there is a positive correlation between loyal customers and profitability.

**Gerpott, Rams and Schindler, (2001)** found that customers experiencing high level of satisfaction are likely to remain with their existing service providers and maintain their service subscription.
Lin et al., (2001) identified that the service performance perceptions will be filtered through the lens of culture and were found to directly affect perceived service quality and satisfaction.

Sodani (2001) investigated the community's preferences in Jaipur, Rajasthan on various aspects of health insurance. The study revealed low level of awareness (15 percent) about health insurance and that quality of care and cost were important factors identified by the community as the factors affecting their decision to subscribe to any new health insurance plan. The finding also suggested that an integrated provider and insurer system is preferred irrespective of public or private-based management and that there is high level of willingness to join a health insurance plan in future if designed carefully for the informal sector.

Diacon and O’Brien, (2002) revealed that the high retention rates are correlated with superior economic performance.

Saibaba et al (2002) revealed the perception and attitude of women towards life insurance policies. Many insurance companies are trying hard to woo the female population. It was observed that women feel that their lives are not as valuable as that of their husbands, they further perceive insurance as a tool for risk coverage and not as a tax saving device. In addition there is also lack of knowledge about suitable insurance plans.

Drew- Rosen et al., (2003) identified that the services are “heterogeneous” as the performance of humans, whether employee of customer, is not same all different service encounters. Services are heterogeneous even when delivered
through automated channels due to varying customer behaviour in interacting with automated and information technology using electronic machines of this new era tech world.

Phillip K. Hellier, Gus M. Geursen, Rodney A. Carr and John A. Rickard (2003) suggested a general service sector model of repurchase intention from the consumer theory literature. A key contribution of the structural equation model was found to be the incorporation of consumer perceptions of equity and value and consumer brand preference into an integrated repurchase intention analysis. The model explains the extent to which customer repurchase intention is influenced by seven important factors- service quality, past loyalty, equity and value, customer satisfaction, expected switching cost and brand preference. Also the general model applied to customers of comprehensive car insurance and personal superannuation services. The analysis observed that although perceived quality does not directly affect customer satisfaction and it does so indirectly via customer equity and value perceptions.

Verma (2003) highlighted that motor insurance is the biggest and fastest growing general insurance portfolio in the Indian insurance market and it accounts for more than 42% of the cash flow of general insurers.

Bennett and Rundle-Thiele (2004), revealed that satisfaction is not the same as attitudinal loyalty and that there are instances where satisfaction does not result in loyalty. The results indicate that satisfaction and loyalty in a business services setting are different constructs, and while the relationship is positive, high levels of satisfaction do not necessarily yield high levels of loyalty. Customers with
low satisfaction and high attitudinal loyalty are potentially vulnerable to competitors' offers that appear more satisfying.

**Gronroos (2004)** explained that "not all activities are directly two-way communication, nut all communication efforts should lead to a response that maintains and enhances the relationship".

**Guo et al (2004)** revealed the linkage between marketing metrics like customer satisfaction and sales and financial metrics such as profitability and stock prices. However the authors propose that there is a lagged effect between the two. Simply, past satisfaction has a positive effect on current profitability, and past profitability affects current satisfaction. The results of the study confirm that satisfaction has a direct bearing on the firm's financial well-being.

**Kelemen and Doukakis (2004)** explained that the internal marketing is a management initiative that applies the same exchange logic that applies on the organization external customers, this logic believes that applies effective exchange on its internal customers; this will lead to an effective exchange with its external customers, internal marketing focuses on making effective internal relationships within all levels, through the creation of customer and service oriented environment, it is like a culture transforming program that change the mindset of the employees into more customer and quality oriented one.

**Rust, et al., (2004)** found that there is substantial evidence to suggest that the strength of a firm’s customer relationship is an important indicator of firm performance.
Raju Satya R. (2004) found that the insurance agents, development officers’ employees, executives at different levels should work together to achieve the objectives and mission and also to face the present and future competition as a challenge. The insurance product and services should be designed and offered as per the customer requirements.

Vargo and Lusch, (2004) found that the customer want to receive customized offer that satisfy their needs and wants, and this is something can be achieved by engaging in a relational exchange.

While Tzokas and Saren (2004) suggested that relationship marketing and specifically knowledge is what leads to competitive advantage, moreover they argur that relationships help create unique, difficult to imitate knowledge for firms, to support their view and link the relationship marketing theory with knowledge to ultimately achieve competitive a advantage before going on with supporting one approach.

Bhat et al., 2005 With the liberalization and entry of private companies in insurance, the insurance sector in India has started showing signs of significant change. Within short time, private insurance has acquired 13 percent of the life insurance market and 14 percent of non-life market.

Das and Samanta (2005) considered customer satisfaction as a business survival requirement. The results identify eight factors which could reflect the customer satisfaction level. These are productivity, quality of delivery, meeting delivery schedule, technical support, communication, proactive or promptness in
response, skill level and domain knowledge. The authors propose a customer satisfaction index using principal component analysis.

Gupta and Trivedi (2005) opined that both the private and public sector should be involved in partnerships with various other organizations to extend health coverage to the larger portion of the population.

Lucien, G. et al. (2005) presented an empirical analysis of the link between health insurance coverage and health care expenditures. They used claims data for around 60,000 adult individuals covered by a major Swiss Health Insurance Fund, followed for four years. In the Swiss health insurance system, each individual had to choose between five plans, corresponding to different levels of annual deductible. The data show a strong positive correlation between coverage and expenditure. Standard insurance theory forecasts that expenditures and coverage should be positively correlated, for two main reasons. First, those individuals who expect high health care costs may choose a more extensive coverage. Second, a more extensive coverage may increase health costs, either through an increase in the probability to experience sickness or through an increase in expenditures for a given health status.

Olsen, et al (2005) revealed that the innovation process has been defined as “sequence of information processing activities” product innovation and technology strategy is a strategic master plan to guide your business product efforts, Here innovativeness refers to a market offering’s perceived newness, originality, uniqueness, it was also defined comprehensively. As the business is not only open to, but seeks out new ideas in both its technical and administrative domains. It
encourages risk taking and enhances the likelihood of developing radically new products.

Reddy (2005), found the customer perception towards life insurance companies' policies. The results are that, majority of respondents feel that policies offered by private companies are up to their expectations but when compared with public companies' policies very few policies are better alternatives.

Sharma and Agarwal (2005) discussed the insurance sector in India in the pre-nationalisation era, post nationalisation era, post liberalisation era and emerging scenario. The study revealed that to be more competitive and responsive to the needs of the societies, the insurance players will have to concentrate on the various strategies viz. environmental analysis, restructuring organisations, human resource development, efficient marketing strategies, distribution channels and corporate governance.

Gilbert and Veloutsou (2006) revealed that satisfied customers are key to long term business success. The industries included are banking and finance, retail, government, grocery stores, hospitality/sports, and restaurants. The paper finds that customer satisfaction does differ across industries, and that both the banking/finance and hospitality/sports industries seem to please their customers more than the other industries analysed in this research undertaking.

Hunt et al (2006) identified that the customers engage in a relational exchange in general if they perceive the benefits associated with the relationship to be more than the costs incurred and on the other hand Constant ides Proposed that
the marketing mix paradigm has some major drawbacks that major RM scholars emphasized those are: Product orientation rather than customer orientation and focus. The explicit focus of the mix on international processes undermines the elements of customer feedback and interaction as basis of building up relationships retention.

Hunt et al (2006) found that the logic behind entering in a relationship from firm’s perspective has many justifications, one of the most crucial one’s: is to better compete in the market, hence: relationship marketing is a strategic approach. So relationships become crucial to the competitiveness of the firm, especially when it contribute to deliver a value offer toe the customers.

Jawahar (2006) described that performance in some areas has been exceptionally good; other areas need to be addressed by all players to ensure an overall growth. It is important for health insurers to retain customers, as a long-lasting customer provider relationship leads to increased cross-selling and positive recommendation intentions.

Rajesham and Rajender (2006) discussed the changing scenario of the Indian insurance sector. They point out the challenges in the present scenario as increasing India's share in the global insurance market, having qualified, skilled actuaries, penetration in rural markets, developing customised policy for clients etc

Rajagopalan (2006) does a comparative evaluation of the traditional insurance policies available in the Indian market from a consumer perspective. He suggests that, it is better for an individual to buy the cheapest term insurance for the
required amount of death protection and term. In case of endowment policy, instead of buying non participating endowment policy, it is better to invest the extra premium in a PPF account.

Tajeddini (2006) suggested that the businesses must be aware of the possibility that an innovation orientation may not allow for the follow-through that is necessary to fully reap the benefits of earlier innovations”.

Tsoukatos and Rand (2006) revealed that the health insurance services are highly intangible, and mostly sold by agents, who in most cases are the customer’s only contact with the service provide.

Ndubisi (2006) identified that the two main points: (1) quality firm – customer relationship can help a firm to sense and serve customer needs more satisfactorily; and (2) customers who have good relationship with the firm are likely to remain loyal.

Wang et al. (2006) examined adverse selection in a subsidized voluntary health insurance scheme, the Rural Mutual Health Care (RMHC) scheme, practiced in a poor rural area of China. In the study which was made possible by a unique longitudinal data set: the total sample includes 3492 rural residents from around 1020 households. Here logistic regression was used for the data analysis. The results show that although the subsidized scheme achieved a considerable high enrollment rate of 71 percent of rural residents, adverse selection still existed. In general, individuals with worse health status are more likely to enroll in RMHC than individuals with better health status. Although the household is set as the enrollment
unit for the RMHC for the purpose of reducing adverse selection, nearly one third of enrolled households are actually only partially enrolled. In addition, they found that adverse selection mainly occurs in partially enrolled households. The non-enrolled individuals in partially enrolled households have the best health status, while the enrolled individuals in partially enrolled households have the worst health status.

Zeithmal et al., (2006) developed a model was build for identifying and measuring service quality, which later has become to be called the SERVQUAL Model that constitutes of five dimensions.

Barkur et al (2007) revealed the influence of five critical factors on service quality in the insurance sector and attempt to obtain a generic solution to enhance the quality of service. The research is based on system dynamics methodology, which involves sequential phases. The results of this research have indicated that the key parameters, such as past experience, personal needs, external communication and active clients have significant influence on service quality of the insurance sector.

Bishnoi and Sharan (2007) revealed that the private players have shown that they are tough players in the health portfolio. Both the private and public sector players have an almost equal contribution in the health portfolio but it seems that by 2010, the private sector players will overtake the public sector players and will be the market leaders in this sector.

Cugini et al (2007) analysed the relationship between company costs and customer satisfaction in service industries. This study makes a contribution to the
understanding of strategic cost management in service industries, through the development of a model which allows establishing a direct link between sources of efficiency in managing service costs and sources of effectiveness in generating customer satisfaction.

Dimitris et al., (2007) revealed that the customer satisfaction as a measure of how a product or service performs compared to customer’s expectation.

Hansanbanu, and Nagajyothi, (2007) examined that there is significant relationship between age, educational qualification, occupation and income of respondents and their level of investment with taking health policies and in their study they also found that there is no significant relationship between marital status, family type and family size and their investment in insurance sector.

Palande et al (2007) found that the Insurance industry is going to witness sea changes in its marketing strategies. It would be done by various methods by bringing in new practices, settings new service standards and creating new benchmarks.

Yu (2007), examined the cross-sectional relation between customer satisfaction and individual customers' purchase behavior as well economic contributions; and also investigates how customer satisfaction affects future customer revenue, costs, and profits. This finding reveals that higher customer satisfaction leads to higher customer revenue and higher customer costs at the same time, and thus customer profits remain unaffected.
Lloyds (2008) identified that the non-tariffed portfolio of personal accidents, healthcare, marine hull, and liability experienced high growth rates.

Ma and Pope (2008) revealed the relationship shared by foreign market characteristics and the participation of international life insurers in those markets. The analysis reveals that the characteristics that are found to be statistically significant with respect to international participation include high levels of trade liberalisation and/or low insurer market share concentration, and high levels of government expenditure on social security retirement benefits.

Meirovich and Bahn (2008), revealed the links between quality and consumers' emotions and eventually with their satisfaction. This study introduces two components of total quality structure; quality of design and quality of conformance, for analysis of the link between quality and customer emotions. The results show that there is a significant relationship between possible combinations of two quality dimensions and customers' affective responses in terms of both their valence and intensity. An interesting finding of this study suggests that customers value quality of conformance higher than quality of design.

Moody’s (2008) observed that in 2006-07, the private insurers had aggressively targeted the more profitable portfolios, namely, fire, engineering, and motor own damage portfolio. The private sector’s share of third party motor portfolio was much lower than that of the public sector, as the former did not pursue this market because of its negative underwriting margins.
Outreville (2008) found the international diversification of successful insurance companies. The results of this study have important implications. First, the results indicate that location-specific advantages such as size, education, regulatory barriers, competitiveness, and cultural distance do provide an explication of the internationalisation of insurance firms in some locations. Second, they show that good governance has a strong impact on the choice of countries by insurance firms.

Zuasti (2008), found the interaction between insurance and dynamic financial markets. This is demonstrated using a general equilibrium model, where agents not only buy insurance but can also invest in shares of the companies that sell insurance. The central result shows that in equilibrium, risk-averse agents purchase full insurance coverage, despite unfair insurance prices. The three conditions that explain this result, are insurance contracts are priced competitively; financial prices include a risk premium only for university fiable risk, and financial markets are effectively complete.

As the saying goes; make a customer happy, he would tell two of his friends about it, make a customer unhappy, he would tell everyone he knows about it. A satisfied Customer is the best ambassador. Recognising the importance of customer satisfaction, it is extensively studied by researcher in various fields; a few important ones which are related with the subject of study are given here.

Frank and Enkawa (2009), found that how economic processes influence customer satisfaction. The study examines the separate impacts of economic growth and economic expectations on perceived value and customer satisfaction. The analysis reveals that customer satisfaction is positively influenced by economic...
growth and negatively by current economic expectations. The results show a strong correlation between economic expectations and (overall and industry-specific) quality expectations. The insurance and the economic growth of the country mutually influence each other. A well-developed insurance market promotes economic growth by encouraging risk taking.

**Selvinayagam, K. and Mathivanan, R. (2010)** revealed that the competitive climate in the Indian insurance market has changed dramatically over the last few years. Changes have also been taking place in the government regulations and technology. The expectations of policyholders are also changing. The existing insurance companies have to introduce many new products in the market, which will have competitive advantage over the products of life insurance companies.

**Siddiqui M. H., and Sharma T. G. (2010).** revealed among other things that prompt claim settlements is the most important factor considered by the customers of insurance companies in Nigeria in their evaluation and measurement of quality of the policies they are holding. Thereby the study recommended that the culture of delay in premium payment or non-payment should be stopped and organizations should look inward to see the reasons why the payment of premium is a problem.

**Parmjit and Meenakshi (2010)** explored that the factors which are important determinants of customer satisfaction in case of life insurance customers, to see how much effect the factors have on overall customer satisfaction; and identifies the common grievances of customers with regard to their life insurance
policies. The factors identified for overall customer satisfaction are customized and timely service, Brand USP Considerate employees Price Immunity and their results indicate that satisfaction with product offerings is the primary driver of overall customer satisfaction in case of insurance policies, even if the after sale service is not up to the satisfaction level. Customers were satisfied with their insurance policies but they were not satisfied with the quality of agents.

Anchan, S. et al. (2011) studied the claim process of existing health insurance schemes, so as to identify the barriers in the claim process at the hospital level and the consumer awareness and satisfaction level in health insurance. Cross-sectional study with convenient sampling was used, data included time analysis format and validated questionnaire. Overall there is a delay in query justification followed by preauthorisation, preparation and faxing. Policyholders were not fully aware about health insurance, 50 percent of policyholders knew what TPA means and consumers were not fully satisfied with health insurance. Distribution channels have a direct impact on the insurers’market image. There is widespread recognition of the need for qualified trained sales force to serve the increasingly discerning insurance buyers.

Ramanathan, K.V. (2011) inferred that in the development of a reliable and valid instrument for assessing customer perceived service quality, awareness level, and satisfaction level of customers towards life insurance industry. Service quality needs to be measured using a six dimensional hierarchal structure consisting of assurance, competence, personalized financial planning, corporate image, tangibles and technology dimensions. This would help the service managers to efficiently allocate resources, by focusing on important dimensions.
Borah (2012), analyzed the service quality perception of 50 customers in Jorhat by chosen from Kotak Mahindra Life Insurance Company to access their satisfaction level and also identify service factors which have the maximum impact on customers’ satisfaction.

Gautam and Kumar (2012) attempted to illustrate the attitudes of Indian consumers towards the insurance services by collecting the responses of consumers through structured questionnaire on five point Likertscale. Findings of the research show that basic socio demographic and economic variables have significant impact on consumers’ attitudes towards insurance services in Indian scenario.

Choudhuri, P. S. (2013) Depending on a number of factors which over times varies situation wise, culture wise, nation wise, sector wise as well as industry wise, customers select a particular branch of the Life Insurance Corporation of India (LICI) for their several insurance related activities in their life. In the present competitive market, every branch of the insurance companies especially the branches of the Life Insurance Corporation of India are adopting various strategies to draw the attention of the customers. Observing from 2007 – 08 to 2011 - 12, the branch wise total number of policyholders of all the 17 branches of the LICI located in Burdwan district, West Bengal, the researcher in this paper attempted to identify the significant factors that are playing a major role in customers' mind in selection of a particular branch of the largest life insurance company of India namely Life Insurance Corporation of India. In this study, 221 usable responses were considered as the sample size and statistical package SPSS 16 was used to perform the analyses.
**Choudhuri, P. S. (2013)** Revealed that as a social being customers are not only relationally attached with the different kinds of people in their daily life but also directly related with their service providers in different ways. Empirical studies indicated that in the modern age of the society, the technology savvy customers’ awareness about the several existing life insurance products depends on a number of factors where over times these factors varies with situation, culture, nation, sector as well as industry.

**Choudhuri, P. S. (2014)** Satisfaction of the customers depends on a number of factors and based on these factors customers generally try to estimate their satisfaction with their service providers. Due to the globalization and emergence of information technology, customers’ socio-economic culture has already been changed and human interactions are now significantly being replaced by the interactions of human-technology. Like any other companies, life insurance companies are also always trying to gain the maximum utilization of the information technology in their business operation especially at the time of delivery of different types of services to the customers in the competitive market.

The review of above literature reveals the factors driving the customers towards particular insurance companies, customer preferences, satisfaction, and problems are discussed. The improvements and services provided by the insurance companies to attract the customers are also reviewed. Studies conducted in foreign countries were reviewed and in India, most of the studies are related to metros and big cites only. Only few studies are available in the small towns of India. The present study focuses on a study on Customer satisfaction of health insurance in Tamilnadu”