2.1 INTRODUCTION

In today’s competitive world, customer satisfaction is the most important aspect to every company which retain customer to grow and to survive as satisfied customer is the greatest brand ambassador to attract the prospective customers to the company. The above saying is true, especially in the service sector like insurance. In life insurance sector, after privatization, many new private companies have entered the industry by merging with foreign companies. In order to capture the market, they have offered new innovative products for different segments of the population with a wide variety of benefits like premium rates, rider options, maturity periods, etc. This has resulted in a huge competition among public and private players. Due to this, private players are adopting every possible strategy to enhance service quality and to retain their customer for a longer period. Offering variety of policies with low premium, better communication, consistent post-sale services, human approach, immediate attention, less formalities, timely reminder of premium dues and claim settlement procedure are the factors which influence the customers’ satisfaction on private life insurance companies (Dinesh et al. 2011; Push Deep Dagar and Sunil Phougat, 2011; Nageswara Rao, 2006; Sudarsana Reddy, 2005). Apart from these, there exist other factors which also lead to customer satisfaction in life insurance. In this background, an attempt has been made in this chapter to summarise the results of the study which are carried out in India as well as abroad with regard to the policyholders’ satisfaction on the services of life insurers. Foreign studies are presented first, followed by Indian studies.

2.2 RESEARCH ABROAD

J.D. Power (2011) in their article titled, “Policyholders Satisfaction with the Agency-Based Sales Surpasses Satisfaction with Direct Sales in Japan”, reveals that customers are more satisfied with timely services, procedure and documentation followed, low premium and innovative products offered by the Prudential Life Insurance Company.

Hui-Boon Tan et al. (2009) in their study captioned, “The effect of consumer factors and firm efficiency on Malaysian Life Insurance Expenditure”, observe that the demand for the
life insurance in Malaysia and the policyholders’ satisfaction is closely linked to the efficiency of the insurance companies. It means the insurance companies with higher efficiency have higher customer satisfaction and it leads to increased demand from customers.

Affiaine Ahmad and Zalina Sungip (2008) in their study headed, “An Assessment on Service Quality in Malaysian Insurance Industry”, to evaluate the customers general expectation and perception of insurers in terms of services offered at the insurance service counter. They reveal that among the five service quality dimensions namely, tangibility, reliability, responsiveness, assurance and empathy, customer are highly satisfied with tangibility and assurance dimension and they need the insurance providers to make improvement on customer service and quality towards the components of reliability, responsiveness and empathy.

J.D. Power and Associates (2008) in their study on “Customer Satisfaction” reveal that frequent interaction between the customer and insurer about the services rendered by the insurance company influences the customer satisfaction.

Capgemini (2007) in his World Insurance report titled, “Empowered Customers”, observes that right policy specification is the prominent factor which influences customer satisfaction in U.K. and Spain. Simplicity of information and constant availability of services are the most significant factors that influence the customer satisfaction in Italy.

Evangelos Tsoukatos and Rand (2006) in their study titled, “Path Analysis of Perceived Service Quality, Satisfaction and Loyalty in Greek Insurance”, find that tangibility is the leading factor that influences customer satisfaction along with reliability, assurance, responsiveness and empathy.

Song Hongmei (2006) in his survey entitled, “Insurers Score Low in Client Satisfaction”, observes that the policyholders are dissatisfied with the insurer’s services with regard to customer complaint lodged and claim settlement.

Prakash Vel et al. (2005) in their research article entitled, “An Exploratory Study on the Role Played by Product, Service and Behavioural Factors in the Purchase of Life Insurance Policies in the Klang Valley, Malaysia”, observe that timely service, good response by the agents and employees to the customers and insurers concentration on the policyholders grievance improves the level of customer satisfaction.

Srinivasa Durvasula et al. (2004) carried out a study entitled, “Forging Relationship with Services: The Antecedents that have an Impact on Behavioral Outcomes in the Life Insurance Industry”, with a view to investigate the linkages between service quality, satisfaction, perceived value, repurchase intention and willingness to recommend to others. They find that customers are very much satisfied with the factors such as price, reliability, product knowledge and helping tendency of the service provider’s representative which lead their intention to re-purchase.

Hellier et al. (2003) in their study, “Customer Repurchase Intention: A General Structural Equation Model”, reveal that insurance providers responsiveness to the customers and treating the customers impartially are the mean factor that influences the customer satisfaction.

Tam and Wong (2001) in their study captioned, “Interactive Selling: A Dynamic Framework for Services”, finds that salespersons – agents, brokers, development officers etc., enhanced relationship with the insurance customer improves the customer satisfaction and it in turn leads to the intention of repurchase.

Clare Chow-Chua and Geraldine Lim (2000) in their research article titled, “A Demand Audit of the Insurance Market in Singapore”, observe that effective service rendered by both the insurer and agents leads to customer satisfaction.

Ashley et al. (1999) in their article entitled, “The Focus of Business is Customer Satisfaction”, reveal that agents thorough knowledge of the product, capability to understand the customer needs and recommend suitable policy to the customer, prompt delivery of product and responsiveness increases the policyholders satisfaction.

Brenda P.Wells and Marla Royne Stafford (1995) carried out a study entitled, “Service Quality in the Insurance Industry – Consumer Perception versus Regulatory Perceptions”, observe that consumers who are aware of their right to complain to the regulator are highly satisfied with the service quality of the insurer.
Lawrence and Nancy Stephens (1987) in their study titled, “Effects of Relationship Marketing on Satisfaction, Retention and Prices in the Life Insurance Industry”, reveal that well-organised marketing enrich the service quality which in turn improves the policyholders’ level of satisfaction.

2.3 RESEARCH IN INDIA

Policyholders’ expectation varies depending on every individual’s mentality and his environment according to the services and facilities provided by the life insurance company. The policyholders’ are satisfied only when the insurance company fulfills their expectations. To ascertain the variables which influence the policyholders’ satisfaction on the services of private life insurers in India, the following studies have been appraised.

Anshuja Tiwari and Babita Yadav (2012) in their article “Analytical Study on Indian Life Insurance Industry in Post Liberalisation” reveal that prompt customer service, after-sales services, innovative products with flexibility and better communication influences the customer satisfaction towards private life insurers than public sector insurer, LIC.

Deepika Upadhyaya and Manish Badlani (2011) carried out a study entitled, “Service Quality Perception and Customer Satisfaction in Life Insurance Companies in India”, with a view to identify customer satisfaction in retail life insurance in India. They identify that the customers are more satisfied with the pricing factor followed by employee competence, product and service, technology, physical appearances, trust, service delivery, advertising and service management.

Dharmendra Singh (2011) in his study titled, “Factors affecting customers preferences for life insurers: An Empirical Study”, reveal that quick claim settlement, convenient payment system and better complaint redressal are the important factors which influences the policyholders satisfaction.

Dinesh et al. (2011) in their study entitled, “Assessment of perceived service quality in Reliance Life Insurance Company Ltd. in South Tamilnadu”, to assess the policyholders level of perception and satisfaction on the services offered in the operating offices of Reliance life insurance. They find that policyholders’ perception level is high with regard to financial credential of the company and the servicing aspect of timely
reminder of dues. Further, they state that policyholders are highly satisfied with the claim settlement procedure followed by the Reliance Life Insurance Company.

**Pushp Deep Dagar and Sunil Phougat (2011)** in their article on “Impact of Privatization of Life Insurance Sector on Consumer” reveal that the policyholders are more satisfied with the services of private insurers than LIC with regard to the attractive policy offerings with low premium and long period and their consistent services.

**Uma et al. (2011)** in their article titled, “A Survey of Life Insurance Customers Awareness, Perception and Preferences”, observes that a majority of customers are satisfied the policy features whereas few customers are dissatisfied with the incomplete information provided to them and suppression of information about the policy terms and conditions.

**Vikas Gautam (2011)** in his study captioned, “Service Quality perceptions of customers about insurance companies: An Empirical Study”, to analyze and to compare the service quality perceptions of the customers in public and private insurance companies. He finds that among the five service quality dimensions namely, reliability, responsiveness, tangibility, assurance and empathy, the public sector insurance company – LIC - has high quality perception in reliability, responsiveness, assurance and empathy dimensions compared to private sector whereas in tangibility dimension, the private players has high level of perception compared to LIC.

**Karthikeyan et al. (2010)** in their study captioned, “An Empirical Study on Customers Attitude Towards the Services of Insurance Companies in India”, to examine the factors that influences the customers attitude towards services offered by insurance companies in Nagapatinam District. They identify that low interest rate on policy revival, additional benefits like accidental death, loan etc., with the policy, sending reminders at the time of lapsation of policy, easy loan repayment system, additional benefit at the time of settlement, convenience in receiving the maturity amount and the document pledged for loan after settlement are the main factors that highly influences the customers satisfaction towards the services of insurers.

**Kaur et al. (2010)** carried out a study entitled, “A Study on Customer Satisfaction with Life Insurance in Chandigarh, Tricity”, observe that policyholders are more satisfied with the policy features, price, maturity benefits and tax saving contents.
Masood H. Siddiqui et al. (2010) carried out a study captioned, “Measuring the Customer Perceived Service Quality for Life Insurance Services: An Empirical Investigation”, with a view to identify the various attributes of service quality construct with respect to life insurance industry and to determine hierarchical framework of these attributes as perceived by customers. They find that among the selected six service quality dimensions namely, assurance, personalize financial planning, competence, corporate image, tangibles and technology, assurance is the most important determinant of service quality followed by personalized financial planning, competence, corporate image, tangibles and technology.

Gupta (2009) in his study captioned, “Exploring Rural markets for Private Life Insurance Players in India”, to explore the reason for poor performance of the private players in the rural area. He finds that the channel of distribution adopted by the private players does not suit the rural market and the products offered are not up to the rural consumers’ expectation. Further, the frequency of premium payment is also not suitable for the rural consumers. As a result, the rural customers are dissatisfied with the services of private life insurers.

Chadha and Deepa Kapoor (2008) in their study headed, “An Attribute base perceptual mapping of the selected private life insurance companies: An Empirical study in Ludhiana”, portray that transparency in contracts, CRM practices, product quality, services of intermediaries, good advertisement and promotional campaigns of insurance companies influences the policyholder’s satisfaction.

Gopalakrishnan (2008) in his article entitled, “The Insurance Customer – The Consumer Protection Act, 1986”, observes that policyholders are more satisfied with the post sales services of insurance companies such as sending premium reminder notice in time, furnishing of required data and showing response to customer needs and claim servicing especially the amount of claim settled.

Gireesh Kumar and Eldhose (2008) carried out a study captioned, “Customer Perceptions on Life Insurance Services - A Comparative Study on Public and Private Sectors”, with a view to assess the awareness and perceptions of policyholders about public and private insurance companies. They observe that customers of public sector have high level of awareness than private sector with regard to various aspects of insurance products. Further, they reveal that customers are more satisfied with quick
services, keeping up of promises, transparency in dealings, personal attention and redressal of grievances of the public sector insurer than private insurer.

**Kalpana and Sadhana (2008)** carried out a study on “Insurance a Ray of Hope: A Study on the Level of Awareness of Private Players in the Insurance Industry” disclose that customers are satisfied with the services of agents namely, motivation, giving personal attention, promptness in collecting premium amount, informing about new policies and his patience.

**Panchanatham et al. (2008)** carried out a study entitled, “A Study on Policy Holders Expectation and Preference towards Selected Private Life Insurance Companies in Karur District”, identify that the policyholders are highly satisfied with the premium amount fixed by the company and the maturity amount received after the maturity period.

**Raju Indukoori (2008)** in his article entitled, “Expectation Management: A Tool for Enhancing Customer Satisfaction”, states that effective implementation of the tools of expectation management – assessment of customer’s needs and requirements, educating the customers, training intermediaries, periodic customer meets, flexible product features and re-engineering of the process – improves the policyholders level of satisfaction in insurance business.

**Sonia Chawla and Fulbag Singh (2008)** in their study entitled, “Service Quality Perceptions of Life Insurance Policyholders in Northern India: Pre-Privatization vs. Post-Privatization”, to identify the service quality dimension affecting customer satisfaction. They disclose that among the five service quality dimensions namely, tangibility, reliability, responsiveness, assurance and empathy, policyholders are highly satisfied with tangibility dimension compared to reliability, responsiveness, assurance and empathy.

**Subhasis Ray and Shahid Ali (2008)** in their article titled, “Gap Analysis Between Customer’s Expectations and Current Provisions of Indian Life Insurance Industry”, discloses that the policyholders level of satisfaction increases with the level of offering of after sales services such as reminder of premium due date, supply of fund statements and information on switching of funds as well as on new products – through sms, phone call and e-mail.
Paromita Goswami (2007) carried out a study captioned, “Customer Satisfaction with the Service Quality in the Life Insurance Industry in India”, to identify the dimensions of service quality that ensures maximum satisfaction for the customers in the life insurance industry. He finds that customers are more satisfied with responsiveness dimension of service quality namely, promptness and timeliness in service as well as willingness to help the customers.

Pooja Bhalla and Gangandeep Kaur (2007) in their article on “Private Players and Life Insurance Industry” observes that innovative products, smart marketing, more number of branches and better customer service provided by the private life insurance companies increases the satisfaction level of the policyholders.

Vannirajan and Jeyakumar (2007) in their study on “Discriminant Service Quality among Public and Private Players in Life Insurance Market” to examine the service quality offered by the insurers. They reveal that among the nine service quality factors namely, Distribution Network, Product, Responsiveness, Reliability, Customer Relationship Management, Empathy, Brand Building, Promotion and Tangibles, the customers of private life insurance companies are highly satisfied with the tangibility and promotion followed by responsiveness factor and they are dissatisfied with customer relationship management and empathy factor.

Alok Mittal and Akash Kumar (2006) in their study titled, “An exploratory study of factors affecting selection of life insurance product”, reveal that effective methods used for handling customer grievances and less procedural formalities followed by the insurance companies influences the customer satisfaction.


Jagannath and Santhosh Singh Bais (2006) in their study entitled, “Customer Satisfaction in Insurance Sector”, identify that policyholders are more satisfied with the insurance company’s timely response to customer needs and efficiency to offer the services at the lowest price with best quality.
Nageswara Rao and Madhavi (2006) carried out a study captioned, “An Overview of the Private Insurance Companies”, with a view to identify the level of satisfaction relating to the different aspects of the private companies. They find that communication, services extended, human approach, immediate attention and product availability under less formalities leads to customer satisfaction.

Nalini Prava Tripathy (2006) in her study captioned, “Brand Positioning of Insurance Industries – A study on Private Players”, to examine the satisfaction level of customers and agents regarding the customer service offered by the company. She finds that majority of the customers are dissatisfied with the services of insurance company due to the non-availability of flexible mode of premium payment, policies offered are not up to their need and lack of multiple channels like brokers, bancassurance, corporate agents for professional approach towards customers.

Nani Javeri (2006) in an article entitled, “Claims on Customer Satisfaction”, observes that the high return policies and post-sale advisory interactions such as frequent contact, expertise and guidance in financial planning and friendliness increases the policyholders satisfaction.

Vijayan (2006) in his keynote address on Oscars of the Internet – award honouring excellent in web design, creativity, usability and functionality – depicts that easy access of information via internet leads to customer satisfaction.

Voice Survey (2006) on “Customer Satisfaction in Insurance sector” reveals that courteous behavior of employees, concentration to consumer’s interest, effective redressal system and efficient claim settlement leads to customer satisfaction.

Darling Selvi (2005) in her article on “Insurance Industry – A Source for Investment and Employment” ascertain that the benefits derived out of the schemes and enhanced customer-centric service facilities influence the customer satisfaction.

Gayathri et al. (2005) in their study captioned, “A Pilot Study on the Service Quality of Life Insurance Companies”, to analyze the relationship of customer satisfaction with the score on the service quality dimensions reveals that assurance is one of the most important determinant that highly influences the customer satisfaction.
Kumar and Jogendra (2005) in their article captioned, “Insurance Industry on Growth Path”, disclose that adopting new strategies like brand promotion, offering wide range of insurance products with flexibility and added benefits influences the customer satisfaction over public sector player.

Malhotra (2005) in his MARG Survey portrays that plans with low premium and high returns, effective and speedy claim settlement and enriched timely services of agents influence the satisfaction level of policyholders.


National Insurance Academy (2005) carried out a study entitled, “Customer Survey on Service Quality” reveal that policyholder’s satisfaction increases with better policy servicing as well as effective claim servicing by the insurance provider.

Ravi Kumar Sharma (2005) in his study entitled, “Insurance Perspective in Eastern UP – An Empirical Study”, discloses that policyholders’ faith on their insurers and the active servicing of agents influence the satisfaction level of customers in life insurance.

Sudarsana Reddy (2005) carried out a study on “Customer Perception Towards Private Life Insurance Companies Policies with Reference to Bangalore City” reveals that majority of the respondents are satisfied with the variety of policies offered by the private life insurance companies which is up to their expectation and they feel that the private insurance policies are better alternative for public sector companies policies.

Anil Chandhok and Mittal (2004) in their study entitled, “Critical Study of First Year Lapsation Ratio of Life Insurance Business”, reveal that agent’s recommendation of apt policies to the clients by understanding their basic needs influence the level of satisfaction and enable them to keep the policy in force.


Shobit and Sanjay Shukla (2004) have carried out a research titled, “An Empirical Study and analysis of failure of Private Insurance Players in Rural Areas”, to
find out the reason for the failure of private insurance players in attaining a significant share in the rural market. They observe that a luxurious policy with high premium amount is the major reason for the failure of private insurance players in rural sector.

**Chandra Mohan (2002)** in his doctoral dissertation on “A Study on Marketing of Life Insurance Services in Erode District of Tamil Nadu” finds that policyholders level of satisfaction increases with the offering of innovative facilities and customer-centric services rendered by the insurance company.

**Rudra Sibaba et al. (2002)** in their study entitled, “Perception and Attitude of Women Towards Life Insurance Policies”, discover that intensive advertisement on new product features, enhanced customer relationship, convenience in payment of premium and timely response of agents to customer need increases the policyholder satisfaction.

**Steward Doss and Kaveri (2000)** in their study captioned, “Total Quality assessment in Insurance”, observe that pre-sales services like advice rendered in selection of policy, product knowledge and capacity of explaining the policy benefits and after sales services like reminding of premium due date, assistance in premium remittance and other intermediary services of the agents increases the level of satisfaction of urban and rural customers.

## 2.4 CONCLUSION

Plenty of research has been carried out relating to the policyholders’ satisfaction on the services of life insurance companies in India and abroad as a whole. In the present study, an attempt has been made exclusively to assess the services offered by the top five private life insurers, selected on the basis of their market share, operating in India.

The next chapter deals with the methodology adopted in carrying out the study.

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REFERENCES


