The insurance industry in India has witnessed different eras and is more than 150 years old. From the days when there were several private companies, to nationalisation, and to privatisation, the industry has come a full circle. Prior to independence, more than two hundred private insurance companies were doing business particularly in life insurance arena. A cursory glance at the pre nationalisation period, through the Indian Insurance Year Books and historical studies amply demonstrates that even with an increasing number of statutory laws and insurance acts passed from time to time-more than 40 times during 1938, 1939,1940, 1941, 1944, 1955 and the Insurance Act 1958 – to regulate and control the business, as many as 66 out of 215 life insurance companies perished between 1935 and 1955 (Agarwal, 1961 and Bhave, 1970). The growing business, mismanagement and malpractice, manipulation of life funds to indulge in speculative trading, large scale liquidation of insurance companies, inter-locking of funds, and control and influence of large business houses led to public disenchantment and resentment.

On 19\textsuperscript{th} January 1956, the government promulgated life insurance (Emergency Provisions) ordinance through which it took temporary charge of the life insurance business of 154 Indian and non-Indian insurers and of 75 provident fund societies operating in the country (Agarwal, 1960). On 18\textsuperscript{th} June 1956, the government brought the bill in the parliament for the formation of LIC. The bill, better known as Life Insurance Corporation of India Act, 1956, came into force on 1\textsuperscript{st} September 1956 through which the government which took over the life insurance business in the country. The LIC was a monopolistic and monolithic institution, the only exception being the postal life insurance and a few compulsory schemes of life insurance for state employees managed by some state government.

Parasuraman et al. (1985) found that services were more difficult to evaluate than products given that services were characterized by intangibility, heterogeneity, simultaneity of production and consumption, and a high proportion of credence versus search and experience properties. Further, professional services were complex in nature, and their effects were often delayed, which made even post purchase
evaluation difficult. Also, professional services were mainly bought on an irregular basis preventing the client from accumulating experience on what to expect and demand from a service encounter. The client also typically lacked the expertise to perform the service himself and consequently might have problems in judging the objective performance the entire service provider (Day & Barksdale 1992; Day et al. 1988). These were all issues which complicated the evaluation of the quality of professional services.

Edmister (1987) in his study opines that insurance is a mechanism which involves two fundamental features i.e. transferring to risk of an individual to a group and sharing losses on some basis by all members of concerned group. Wherever companies starts an insurance business must predict in advance that what will be the group of person? What will be the percentage of the same group who die at certain age? On the basis of these data a table is formatted containing these percentages, called mortality statistics. These tables provide an important aspect about the timings & frequency of death affect the timings.

Mishra (1991) while studying the working & performance of LIC in marketing management, found that only 13% of the population in India was insured till then. The business , in terms of getting premium of LIC, increases mainly due to salaried persons for their tax liability. He suggested that the business of LIC should be extended to non-salaried people. He also compared the data of per capita business zone wise and found it higher in western and northern zones.

In the literature there had been some confusion over the relationship between service quality and customer satisfaction. Some researchers stated that service quality and satisfaction measured the same underlying concept and therefore were the same. Other authors argued that satisfaction with a specific transaction precedes the perception of the overall quality of the firm and therefore were the antecedent of perceived quality. Finally, others suggested that the concepts of satisfaction and quality were different, and that it was the perceived service quality that would affect customer satisfaction. Fornell (1992), found that, as a general psychological phenomenon, satisfaction was primarily a function of a customer’s quality experience
with a product or service. So overall it was expected that the greater the perceived quality, the higher the level of customer satisfaction.

**Jillian Dawes Farquhar (1994)** study Customer retention in retail financial services: an employee perspective aimed to contribute to an understanding of how customer retention was practiced, by surveying staff perceptions to customer retention (CR) in their organizations. The study found that these financial service retailers were aiming to retain customers through building relationships but lack of management appreciation for staff expertise and the burden for service quality and retention appears to fall upon staff. The study also found that staffs appeared to view themselves as key players in retaining customers and, since information systems and structure appeared not to provide the required support, there were grounds for this view. CR required a positive climate in which everyone in the organization worked towards keeping customers (Reichheld and Sasser, 1990) and the major role was played by employees in building customer relationships and implementing sales strategies (Durkin and Bennett, 1999). Reichheld and Kenny (1990) conjectured six imperatives for retaining customers that centered on strategic vision and staff development. Managers were responsible for establishing priorities and making strategic choices (Cravens et al., 1996), making it cleared that CR requires clear direction and this was the first strand of CRM required that marketing operations, human resource management be inter-linked (Gronroos, 1994), organizations needed to adopt a more holistic approach to marketing, so that functional barriers and hierarchies were broken down (George et al., 1994). If staffs were given more power, greater access to information and adequate knowledge (Bowen and Lawler, 1995), they were in a better position to recover situations or delight customers. Internal marketing supports the creation of a positive climate of cooperation where everyone in the organization was working towards keeping customers (Reichheld and Sasser, 1990).

**Benjamin Schneider (1994)**, studies HRM-A Service Perspective: Towards a Customer-focused HRM investigated the customer oriented employee culture in service sector. The study suggested that organizations should develop and implement HRM strategy that focused on specific market segments. Segments focused HRM policies, practices and procedures activate employee’s energies and provided direction
and activation and direction are keys to the motivation of employee’s (Locke and Latham, 1990). This focusing of employees was recognized as “culture” and others have called it “climate” (Schneider, 1990). In addition, study also suggested that in the world of service the integration and co-ordination across functions like marketing, HRM and finance became increasingly essential, so that the focus on the customers of choice, on the targeted market, could be effectively accomplished. Indeed, the more HRM considerations could be integrated into the very initial thinking about new services and procedures for their delivery, the more likely it was that HRM would be seen as “responsive” to the needs of the firm by management.

Steve Macaulay and Sarah Cook (1995), concluded that teamwork was a term most service organizations as its benefits were highly visible to the customer. The study suggested that under teamwork umbrella employees would work closely, together and with the customer, and so respond flexibly to their needs.

Robert Johnston (1995), demonstrated that some determinants of quality predominate over others. The study found that for the personal customers of the bank, the main sources of satisfaction were attentiveness, responsiveness, care and friendliness. The study also found that the intangible aspects of the staff-customer interface had significant effects, both negative and positive, on service quality. Responsiveness was a crucial determinant of quality, as it was a key component in providing satisfaction and the lack of it is a major source of dissatisfaction. The main sources of dissatisfaction were integrity, reliability, responsiveness, availability and functionality. Reliability was predominantly a source of dissatisfaction not satisfaction. Robert Johnston (1995) study demonstrated the same results as revealed by Johnston and Silvestro (1990) study.

Since its opening to private and commercial use in 1995, the Internet had been growing tremendously (Agrawal, 1998). The construct of customer satisfaction (CS) had been researched extensively during the past decades. However, as of today, no generally accepted model had emerged (Berger & Mens van, 1997; Johnson Anderson, & Fornell, 1995; Kaapke & Hudet, 1998). A common problem with customer satisfaction measurement was the fact that in practice, a large amount of different approaches exists (Klingebiel 1998; Ramos, 1996) of which a considerable
number was not based on any theoretical foundation at all (Peterson & Wilson, 1992). This could partly be attributed to the complexity of the (potential) concepts related to the construct of customer satisfaction.

Krosnick and Petty (1995), found strong evidence for effect of attitude strength on behaviour and behavioural intentions led towards customer satisfaction. Krosnick and Petty also referred to the strong impact of attitude strength on behaviour and the processing of information.

Robert Johnston (1995) study demonstrated that some determinants of quality predominated over others. The study found that for the personal customers of the bank, the main sources of satisfaction were attentiveness, responsiveness, care and friendliness. The study also found that the intangible aspects of the staff-customer interface had significant effects, both negative and positive, on service quality. Responsiveness was a crucial determinant of quality, as it was a key component in providing satisfaction and the lack of it was a major source of dissatisfaction. The main sources of dissatisfaction were integrity, reliability, responsiveness, availability and functionality. Reliability was predominantly a source of dissatisfaction not satisfaction. The study demonstrated the same results as revealed by Johnston and Silvestro (1990) study.

The study by Sonny Nwankwo (1995), developing a customer orientation pointed out in today’s competitive environment, organizations could achieve on integrated customer orientation simply by organizing policies which praised the qualities of service to customers. The study suggested managers to pay serious attention to the internal dynamics of the organization; systems and structure which were supportive of, and well familiar to, an overall culture of customer orientation. The study also pointed out that each organization’s customer orientation profile would vary according to variations in management beliefs and behaviour. Management behaviour created and reinforced by organizational characteristics. Consequently, a change in organizational behaviour in search of customer-driven goals required, first and foremost, a customer-oriented attitude on the part of the organizations top leaders and customer-driven organizational systems. The study summed up with a suggestion to sustained customer focus, organizations must imply strategic customer-orientation management with an effective organizational support.
Stern et al (1996) defines marketing channels as sets of interrelated organization involved in the process of making a product or service available for use or consumption.

The study by Anna Baines (1996), Designing customer service programmes explained that customer service programmes were as important to service organizations as quality programmes were important to manufacturing organizations.

Maya Mouawad and Brian H. Kleiner (1996), study new developments in customer service training explained that the ongoing customers were better educated than ever before and wanted value for their money. Customers also wanted good service and were willing to pay for it. The level of courtesy and assistance required from a customer service representative had increased dramatically over the past decade as a result of the customer’s upgraded “acceptable” service standards; more kills were required. As a result, companies in various industries were induced to provide distinguished customer service in order to remain competitive. Learning was taking on strategic importance. Demand for customer service training was higher than ever before. The study summed up with suggestion that in today’s volatile economy, providing excellent customer service could be the critical difference between a company’s success and failure.

The study by Robert Shaw (1996), creating a ring of commitment to customers concluded that solution to delivering on external customer commitments involved creating a ring of commitment inside your organization. Commitment could be by directive, from the top down, but must come from joint recognition of common interests. Commitment could be mandated, and obtaining it required negotiating rationally with many departments and making trade-offs between your customer objectives and their other objectives.

The study by Anna Baines (1996), Designing customer service programmes explained that customer service programmes were as important to service organizations as quality programmes were important to manufacturing organizations. The study found that number of organizations equated with customer courtesy, but customer care was much more than “smile training”. It was common to send front-line
staff on training programmes which taught them to be pleasant and courteous to customers but to ignore the real changes that must be made. A customer complaints section which dealt with complainants in a friendly manner would do little to help the company image if the complaint was still not attended to in a manner perceived by the customer to be appropriate and effective. Many dissatisfied customers would not lodge a complaint-their complaint would be made to their friends and colleagues, other potential customers. One dissatisfied customer (who has made no complaint) might result in a large number of lost customers. The aim must be to remove the cause of complaints and such negative word-of-mouth communication.

**Dennis J. Adsit Rath & Strong Inc., and Steven Crom and Dana Jones Rath & Strong, Inc., (1996),** examined the relationships between productivity, administrative effectiveness, customer satisfaction, and employee attitudes over time. The study identified feedback as an organization development tool and customer ratings as a guide to manage development. The study also found positive relationships between employee attitudes, departmental performance and customer satisfaction with service quality.

In this study Anger, catharsis, and purchasing behaviour following aggressive customer complaints **Roger Bennett (1997)** assessed that most of organizations looked closely at the problem to find out whether they could blame it on the customer or failing that on some other party to the transaction. Bennett explained that accepting the yelling was a part of the service. Organizations should help customers to remove anger/anxiety by providing someone to shout at. By encouraging the full volume complaint the company was letting the customer relieve their emotional reaction to the problem. Customer service representatives should not try to divert the anger but should sit and listen to it. Any apology fulfilled two functions-it acknowledged the error and it accepted that the company made the customer angry. The study suggested to these organizations that they must accept the need to handling the emotions associated with complaints is as important as solving the specific problem. By letting customers “have it out” with you there was an enhanced relationship even where the complaints was unresolved. The study explained well documented fact that the satisfactory resolution of complaints helped create loyal customers. This led many organizations to create dedicated channels for customers to express concerns and raise
complaints. However, the study raised one dilemma i.e. some people did not like to complain and avoided complaining, will go elsewhere. The quiet, uncomplaining sort was more of a problem than the aggressive loud mouth who upset your staff. Bennett suggested that by providing easy and defined channels for complaint organizations could increase the chance of these stoical types coming to us with their problem rather than taking their custom elsewhere. The best way was to tell people how to complain and make the process easy. Businesses needed to assess how they handled complaints since however good our service and product there was still the chance of error or dissatisfaction. The findings of the study suggested that the direct approach resulted in more loyal customers rather than less. All you need was staff with nerves of steel and hides like rhinos.

Lesley Colyer (1997) carried a study on Avis as a case example of a company which had empowered its employees to take ownership of customer service and explained the importance of developing “cathedral” vision. The study highlighted six key management processes i.e. goals, practices, rewards, expectation, feedback and modeling, which must be aligned to the strategy of customer retention through empowerment as key to success for organization.

Although models of service quality and customer satisfaction had been well researched within the consumer goods and services area, much less attention had been paid to high involvement professional service satisfaction. This was surprising given the extensive use of professional services and that these types of services possessed a unique set of characteristics which might cause the customer satisfaction process for such services to differ from that of consumer services (Patterson et al. 1997). Further, to our knowledge only a few studies had been carried out in the context of consultant services (Patterson et al. 1997; Patterson & Spreng 1997).

Gavin Eccles and Philip Durand (1997), reviewed recent practice undertaken to improve customer service by the hotel sector of UK. The study found that at the time of increasing competition, hotel firms were aiming to use service enhancement as a means to gain competitive advantage and customer retention, and therefore developed and adopted a range of techniques like SERVQUAL to measure levels of service quality improvement. Hotels managers as “strategic thinker” would have started to
manage his service quality levels beyond a cursory reaction to offerings provided by competitors. There was evidence this is happening in the UK hotel sector, and companies and customers alike were beginning to benefit.

Deborah L., William E. Youngdahl and David E. Bowen Thunderbird (1997), examined the relationship between customer participation and satisfaction. The study presented a typology of service customer’s quality assurance behaviours and a conceptual model of the service customer’s value chain. The study strongly embraced the usefulness of the value perspective for exploring the phenomenon of customer participation in service delivery. The tendency in the literature had been to treat customer participation as an input to the service firm’s mix of production resources. The study encouraged treating customer participation as a variable in the customer’s own value equation. Doing so created a rich set of implications in marketing, human resources and operations, for both researchers and managers.

Michael R. Williams (1998), analysed the influence of salespersons customer orientation on buyer-seller relationship development. The findings from this analysis supported customer oriented behavior of salespeople as a strong and significant predictor of relationship development, explaining 72 percent of the variance (Adjusted R2=0.723; F=371.47; p<0.0000).

It was argued that competitive advantage did not lie in access to intelligence but in the ability to effectively use it (Menon and Varadarajan, 1992; Moorman et al., 1992).

Marcel van Birgelen, Ko de Ruyter and Martin Wetzels (2000), expressed that in the modern context of tremendous information availability through advances in information technology and research practice, use of customer satisfaction–related information did not always appear to be optimal. Decision-makers got frustrated when it turned out that, despite of repeated measurement and attention for quality-related issues, no changes in customer satisfaction levels were evident (Mulder, 1999). the results of Marcel van Birgelen, Ko de Ruyter and Martin Wetzels (2000) study showed a sequential flow from the attitude strength commitment dimension to intentions of selectively using customer satisfaction–related information.

Bhole (1999) comments that life insurance corporation of India and general insurance corporation of India dominate insurance sector prior to liberalization and privatization.
in Indian insurance sector. The govt. set up the Malhotra reforms committee in 1993 to give recommendations for privatization in Indian insurance sector. Consequent to it, six international insurance chains were allowed to enter the Indian insurance sector in the start of the year 1996 by tying up with India’s leading industrial group but the process of privatization suffered a set back when the Insurance Regulatory Authority (IRA) Bill was withdrawn.

The study by Chris Drake, Anne Gwynne and Nigel Waite (1998), in Barclays Life Company to identify the determinants of satisfaction amongst customers and to assess the importance to each of these elements in determining customer loyalty, to develop a frame of reference concerning the elements of service which customers considered important. The study found that satisfaction could be considered as the consumer’s evaluation of the product or service received. The importance of these customer evaluations came from the impact that satisfaction was posited to have on consumer behaviours such as loyalty. In the literature the construct of loyalty is divided into its behavioural, cognitive and affective elements (Gremler and Brown, 1996). The service management literature suggested that profitability and growth were largely determined by loyalty (Heskett et al.; 1994), and behavioural loyalty itself was a direct result of customer satisfaction (Reicheld and Sasser, 1990; Zeithaml et al., 1990).

The argument in the marketing literature for this positive correlation between customer satisfaction, customer loyalty and profits was that increased customer satisfaction often led to a lower turnover of the company’s present customers. The correlation between customer satisfaction and customer loyalty had also been well documented in empirical research. Kristensen et al. (1998), performed analyses based on data from The American Customer satisfaction Index 1994 (NQRC, 1995). The results showed a strong correlation between customer satisfaction and loyalty. Similar conclusions could be drawn on the basis of Norwegian data (Norsk Kundebarometer), which showed that in the automobile industry, out of 76 percent customers who were satisfied, 78 percent were loyal also (Kristensen et al., 1998). Thus, since the cost of attracting new customers was higher than keeping current customers, satisfaction and loyalty were associated with higher earnings. Timm (1990), stated that an average company lost 20 percent of its customers annually due
to dissatisfaction. However, if the company was able to minimize the number of dissatisfied customers, it could increase its earnings considerably. Thus, Reichheld and Sasser (1990), find that as customer loss decreases by 5%, profitability increased by 35 to 85 percent depending on the industry. In addition to being loyal, satisfied customers were often said to be less price-sensitive and more willing to pay a higher price than other customers (Anderson et al., 1994). Therefore, there were several reasons why companies should give customer satisfaction high priority and continuously monitor its levels of customer satisfaction.

While loyalty might seem dissimilar with the point-and-click world of internet shopping, research suggested that building customer loyalty should be the focus of most organizations, rather than attracting new customers (Reichheld, F.F., Schefter, 2000). This was particularly relevant if we considered that internet retailers lost $6.1 billion in sales in 1999 due to dissatisfaction with online service (Mottl, N.J., 2000). Since loyalty was a consequence of customer satisfaction, organizations must understand how to satisfy customers in order to keep them over time. The length and depth of their relationship with organizations could mean the difference between profitability and loss (Reichheld, F.F., Schefter, 2000).

Recently, Giese and Cote (2000), proposed a definitional framework for consumer satisfaction to resolve inconsistencies in the literature. They had identified the commonalities from 20 different definitions used in past 30 years of consumer satisfaction research. As concluded by their literature reviews and validated by group and personal interview data, consumer satisfaction appeared to comprise three essential components: (1) summary affective response which varied in intensity; (2) time of determination which varied by situation, but was generally limited in duration; and (3) satisfaction focused around product choice, purchase and consumption.

Liliana L. Bove and Lester W. Johnson (2000), explained that true loyalty, defined by a high relative attitude in addition to high repeat purchase, was an extremely valuable asset to service firm as the customer’s search motivation for competitive alternatives was reduced; he/she shows immunity to the pull of competition and provides favorable word of mouth. A conceptual model presented the likely influence of customer relationships with service workers on the development of true customer loyalty to the service firm. It was suggested that strong customer relationships with a
firm’s service personnel led to true customer loyalty to the service firm, as positive attitudes towards service staff were transferred directly to the firm. In situations where a strong relationship developed between the customer and only one particular service worker, true loyalty to the service firm would be an outcome of high personal loyalty and therefore be dependent on the continued availability of the service worker. To assist managers in encouraging relationship development between high value customers and their service personnel, potential antecedents of relationship strength were identified. These included: the amount of perceived benefits/rewards the customer received from the service worker, the age of their relationship, the service contact intensity, the customer’s perceived risk in acquiring the service, the customer’s interpersonal orientation and the service worker’s customer orientation as perceived by the customer.

In high contact service industries where the service was inseparable from the person providing it, the interaction between customers and service workers offered a potential means by which a firm could achieve true customer loyalty. Many researchers suggested that customer relationships with service workers were influential in the development of true customer loyalty to a service organization, particularly in situations of ongoing service where there is a high level of interaction required by the participants (Barnes, 1995; Beatty et al., 1996; Biong, 1994; Crosby et al., 1990; Goodwin and Gremler, 1996; Gremler and Gwinner, 1998; Gwinner et al., 1998).

Bruce D. Keilor, R. Stephen Parker and Charles E. Pettijohn (2000), examined the interrelationships of various aspects of relational selling (e.g. customer orientation, adaptability, and service orientation) on individual salespersons performance. The study also investigated the effect of these relational selling characteristics on the performance of individual salespeople. The results showed that a positive relationship existed between customer orientation and actual performance as measured by average annual sales.

Robert L. Engle and Michael L. Barnes (2000), examined sales force automation usage, effectiveness, and cost-benefit in Germany, England and the United States. Significant usage, belief, and performance differences between counties were found,
with the use of SFA explaining 16.4 per cent of the variance in sales performance across countries. General findings indicated that management and representatives believed SFA to be useful. US$22.2 million in sales increases were found to be attributable to SFA usage. At the same time, non-discounted cash flow payback periods were found to range from 6.2 to 7.4 years.

Kathryn Frazer Winsted (2000), examined service provider behaviours that influenced customer evaluation of service encounters. The reference in the study explained that to effectively manage service encounters, managers needed to develop operational definitions of constructs based on the behaviours of service delivery personnel, and to specify levels of appropriate performance (Bowers et al., 1994).

Gorsch (2000) reveals that multiple opportunities if enhances the scope for differentiation and may lead to higher customer retention rates. A combination of electronic and conventional channels allows the provision of the value of the customer beyond the ‘core’ product.

Malliga (2000) studied the marketing of LIC policies in Tirunlveli Division of Tamil Nadu, The objectives of the study were to (i) analyze the effect of marketing strategies of the agents on their performance (ii) identify the relation between socio-economic status of the agents and their performance (iii) study the association between personality traits of the agents and their performance (iv) asses the impact of agents attitude towards the organization on their performance and (v) analyze the performance of the agents in terms of number of policies and the sum assured. The necessary data was collected from the population of 200 by selecting a sample of 100 at random, using stratified random sampling technique. Multivariable personality inventory was used for judging the personality; it had nine dimensions from which five were used for the study.

The level of significance was fixed at 5%. The study showed that the performance of the agents was influenced by the marketing strategies. It was found that the performance of agents in term of number of policies sold, the sum assured and the total commission received was independent of the personality traits except of self-confidence, but dependent on the socio-economic status and on the nature (part time and full time) but not on the type (direct and supervised). It was summarised that the
marketing of LIC policies had been influenced by the agent’s performance status. It was suggested that the LIC should take into consideration the sociological, physiological and economic factors while recruiting agents. The LIC should adopt special marketing strategies and modern sales techniques for better performance of the agents.

Muthy (2001) observed that if insurance company wanted to provide comfort to the society in an organized manner, it undertakes mainly three functions namely risk taking, assets management and servicing the customers. He stressed some of the challenges, which are likely to be faced by insurance while doing business.

Meder (2001) contended that amidst the tightening insurance markets, opening up of the industry in some Asian countries could provide good opportunities to insurance companies of developed countries. In countries where insurance was traditionally closed to outsiders and closely regulated by the Government, the rules are being relaxed.

Steve Farner, Fred Luthans, and Steven M. Sommer (2001), assessed the concept of internal customer service. The study examined the concept of viewing fellow coworkers as customer made intuitive sense, there was still a debate among both academics and practitioners as to real value of internal customer service on the service quality to external customers. The study found that internal customer service seemed to have a mixed, complex relation with external customer service.

Achim Machauer (2001), explained that segmentation by demographic factors was widely used in bank marketing despite the fact that the correlation of such factors with the needs of customers was often weak. The study suggested that segmentation by expected benefits and attitudes could enhance a bank’s ability to address the conflict between individual service and cost-saving standardization.

Andres H. Zins (2001) investigated the background of future customer loyalty in the commercial airline industry by applying structural models under four prototypical past loyalty conditions. It was shown that the superiority of relative attitudes chimed by Dick and Basu could be confirmed. The study identified corporate image of the
service provider was, along with service quality and customer satisfaction, a powerful and illustrative component for explaining future customer loyalty.

Mark Colgate and Bodo Lang (2001), investigated switching barriers in consumer markets and in financial services sector. The results revealed similar patterns in the two industries in respect of switching barriers. The first of the four factors contained reasons related to lack of interest, the second factor contained negative reasons for customers staying with their current service provider, the third factor related to relationship variables and the final related to service recovery. Results clearly indicted that the first two factors were far more important than the latter two in terms of why customers stayed even when they seriously considered leaving.

Raymond R. Liu, Peter McClure (2001), research indicated that customers in different cultures did have different complaint behaviours and intentions. The study suggested that understanding consumer dissatisfaction and its outcomes in an individualist culture, was a critical factor for business firms profitability.

The empirical study by Jinkook Lee (2002), a key to marketing financial services: right mix of products, services, channels and customers examined consumer’s preferences toward face-to-face interaction versus direct means and a significant variation was found to consumer preferences across different financial products and services, and the profiles of consumers were developed based on their preferences. Implications were drawn for developing customer-oriented marketing strategies, acknowledging customers’ differences in their preferences toward human interaction and self-service technology.

Nancy Jo Black, Andy Lockett, Christine Ennew, Heidi Winklhofer, and Sally McKechnie (2002), identified those factors which influenced consumer choice of distribution channels in financial services. Based on the results of focus group discussions, the study argued that channel choice in financial service could usefully be conceptualized as being determined by consumer, product channel and organizational characteristics, with product-channel interactions and consumer-channel interactions being particularly important.
The study by Rizal Ahmad, and Francis Buttle (2002), customer retention management: a reflection of theory and practice explained that customer retention was increasingly being seen as an important managerial issue, especially in the context of saturated market. It had also been acknowledged as a key objective of relationship marketing, primarily because of its potential in delivering superior relationship economics, i.e. it costs less to retain than to acquire new customers. The study found that customer satisfaction was correlated with customer retention. The study suggested that retention strategies needed to be based on the understanding of the relative profitability of different segments (the economics of retention), existing mass marketing strategies needed to be replaced and retention management program should be aimed at specific segments that were ongoing presently or potentially profitable.

G.S. Sureshchandar, Chandrasekharan Rajendran and R.N. Anantharaman (2002) viewed customer satisfaction as a multi dimensional construct just as service quality, but argued that customer satisfaction should be operationalized along the same factors (and the corresponding items) on which service quality was operationalized. Based on this approach, the link between service quality and customer satisfaction had been investigated. The results have indicated that the two constructs were indeed independent but were closely related; implying that an increase in one was likely to lead to an increase in another.

Richard A. Feinberg, Rajesh Kadam, Leigh Hokama and Iksuk Kin (2002), analysed the state of electronic customer relationship management (eCRM) in retailing and their relationship to consumer satisfaction and site traffic. The study found chat feature, spare parts availability, gift certificate purchase, mailing address, search engine, links, and a company profile were associated with customer satisfaction. No eCRM feature was associated with customer traffic to a site. Standard retailers appeared to be behind in implementing eCRM features in current operations. The study also found that it was not clear to retailers what aspects of eCRM will be important in customer satisfaction.

The study by Liliana L. and Lester W. (2002), customer-service worker relationship model presented conceptual model that was likely to influence customer relationship with service workers on the development of true customer loyalty to the service firm.
The findings of the study suggested that strong customer relationships with a firm’s service personnel led to true customer loyalty to the service firm, as positive attitudes towards service staff was transferred directly to the firm. In situations where a strong relationship developed between the customer and only one particular service worker, true loyalty to the service firm would be an outcome of high personal loyalty and therefore be dependent on the continued availability of the service worker.

Stefan Lilischkis (2002), explained that customer acquisition and retention had become an increasing challenge because customers tended to be better informed about product features and aware about the firms offering the products that they wanted. In this situation, new electronic applications were expected to allow companies to reduce overall costs associated with customer interactions, to personalize customer interactions at minimum cost, and to track customers who promised particularly high returns. In short: electronic customer relationship management (eCRM) was opening up new means of acquiring and retaining customers. The findings suggested that eCRM applications required an increased degree of flexibility, greater job enrichment and autonomy in employee work and a willingness to participate in ongoing training.

Deanne N. Den Hartog, and Robert M. Verburg (2002), provided more insight into the relationship between perceived leader behaviour and employees willingness to provide excellent service as well as their perceptions of service quality. Supervisors supportive behaviours, providing useful information, giving feedback, fair evaluations of performance and their direct stimulation of service related behaviours were all found to be positively related to service outcomes.

There was much empirical evidence showing that the satisfaction of complainants with a company’s response had enormous impact on the customers’ future behaviour. Therefore, Bernd Stauss (2002), focused on understanding the construct of complaint satisfaction. The results of the study demonstrated the effects of both dimensions (outcome complaint satisfaction and process complaint satisfaction) on overall complaint satisfaction, relationship satisfaction and repurchase intention. Additionally, factor analysis led to the identification of two factors that could be interpreted as satisfaction dimensions: cold fact complaint satisfaction and warm act complaint satisfaction.
Jawaharlal & Seethapati (2002) opine that most of the personal selling methods and techniques developed due to the challenges of selling unsought goods. Personal selling in life insurance is done primarily through the agents (Independent Financial Advisors). Most organization has also begun deploying their own direct sales teams.

Mittal and Chandhok (2002) analyzed the pre and post-privatization scenario, which indicated that the awareness of public towards insurance had grown. Before privatization, most of the agents did the job on part time basis and only 10% of the agents procured 90% of the total Life Insurance business and the remaining 90% of the agents procured the remaining 10% of the total Life Insurance business. There was a lack of skilled services, competition, and innovative products and there were so many complaints from policyholders. But in the post-privatization scenario, private sector LIC had been offering efficient services for the benefits of the customers. The LIC branch offices were interconnected through computers and internet. The publicity campaigns were launched to create awareness about the concept of Life Insurance and its products. It was also noticed that majority of people preferred LIC products due to its credibility and skilled services. The study reflected that Life Insurance business was mainly procured from male segment of the population while the female segment constituted only around 14-16% of the total Life Insurance business.

Lal and Dhanda (2003) explained the implications of opening up of Life Insurance sector on the performance of existing Life Insurance business. An opinion survey of 51 agents, 21 development officers and 55 employees was conducted in order to know their perception towards Life Insurance products, amount of premium, working conditions, training programmes, and computerization and efficiency level etc. The average value of such preferences for different LIC products was calculated and the total core obtained was divided by number of respondents to compute the value of index. The study revealed that agents, development officers and employees had similar opinion with respect to various variables. It was also analyzed that the survey results would be helpful to improve the business performance of the LIC and the satisfaction level among policyholders.
Gera (2003) argues that distribution in the life insurance industry involves the promotion and the personal selling functions. The customer needs to be moved through the stages of alertness, interest, desire, action to generate a sale and then provide after sale functions viz. policy delivery, premium payment reminder and claims settlement etc.

There are broadly two types of channels- the traditional channel being primarily the personal selling based ones and the rise of new alternative channels. The following section discusses and evaluates each of these channel options.

Jawaharlal (2003) too opined that since insurance organization have realized the value of prompt customer service in the competitive market, the insurance agents must have to be on their toes providing to the growing customer needs and serving them always. The future referrals can come form satisfied customers. The agents need to carry out jobs like collection of premium, revival of lapsed policies, nomination and assignment grant of loans, payment of survival benefits, settlement of surrender value, policy alterations and the settlement of claims.

Chandarashekahar & das (2003) too maintained that the technology not only rises new business opportunities, but also improves the business profitability and soundness. LIC can have a competitive advantage over private players, as they have a large amount of past data generated over the year through their problem could be that they are date-rich but information poor.

Aneja(2003) while studying the institutional investment analysis of the insurance sector in India, found that the LIC is directing towards investing the highest amount to the “infrastructure” out of the total assistance provided to the industries. Earlier, the highest amount was invested for “basic metal”.

She further opines that percentages of investments in the total assets of GIC are comparatively lower than LIC since GIC has sudden claims to settle while in case of LIC, the risk covered is life risk, which is claimed in case of very low percentages of total policies.

Carole Page and Ye Luding (2003), investigated customer attitudes towards the direct marketing strategies employed by banks in relation to how attitudes toward the
marketing media used and response channels influence the customer’s intention to purchase. The research indicated that customers generally demonstrated a negative attitude toward banks using direct marketing strategies. They had mixed feelings about response channels, and low intention to purchase as an outcome of direct marketing. Purchase intention was significantly influenced by attitudes toward direct marketing media rather than response channels. No demographic differences indicated that attitudes might have a stronger association with purchase intention.

Customer behaviour in services was usually perceived as volatile and unpredictable. The study by Oxana Chervonnaya (2003), Customer role and skill trajectories in services demonstrated that for service processes sharing certain common characteristics, one could find similarities in customer behaviour patterns. In particular, the study focused on the similarities in the combination of customer roles (and skills) within each of the four types of service processes, not being limited by the boundaries of one service industry, was likely to contribute to much needed change of managerial attitude (as pointed out by Lovelock, 1980) that “each service industry is different”. Two major propositions could be advanced on the basis of the analysis carried out above: 1. Customer roles (and corresponding skills) in a particular service process depend on the degree of the service producer’s monopoly on the knowledge pertaining to carrying out the process. 2. Customer roles (and corresponding skills) in a particular service process depend on the degree of process standardization.

Chulmin Kim, Sounghie Kim, Subin Im and Changhoon Shin (2003), examined how attitudinal and perceptual variables, influenced by generalized personal factors, affected complaint intention. The results confirmed that attitudinal and perceptual mediators positively influenced complaint intention. The results also indicated that attitude towards complaining plays a central role in mediating between personal antecedents and complaint intention.

The study by Colin Armistead and Julia Kiely (2003), creating strategies for managing evolving customer service investigated the perceptions of service managers on the future of customer service. The study revealed that only those service organizations would be successful in the future, which would focus the roles and
capabilities of their customer-service staff on customer needs, and support them through active service leadership.

Carol C. Bienstock, Carol W. DeMoranville and Rachel K. Smith (2003), investigated the issues related to Organizational citizenship behaviour and service quality. The research showed that service employee perceptions of how they were treated by the service organization, i.e. what organizational rights they received, were positively associated with organizational citizenship behaviours. Furthermore, it demonstrated that these behaviours result in more effective service delivery to organizational standards and enhanced customer perceptions of service quality.

Parasuraman et al. (1988), Dabholkar et al. (2000) analyzed the role of service employees as a dimension of service quality. Kelley (1992), Brown et al. (2002), Donavan et al. (2004), and Hennig-Thurau and Thurau (2003) studies explicitly addressed the concept of customer orientation of service employees. In the context of service quality research, it been demonstrated that the behaviour of service employees affected the customers perception of the service (Bitner et al., 1990). Specifically, researchers identified employee–related aspects of the service as dimensions of the customer’s service quality assessment. For example, three out of five service quality dimensions of Parasuraman et al.’s (1988) SERVQUAL measure directly or indirectly addressed the behavior of employees (i.e. responsiveness, assurance, and empathy). Similarly, Dabholkar et al. (2000) identified personal attention and comfort as provided by a provider’s employees as components of service quality. Kelley (1992) was among the first researchers to study the construct of customer orientation of service employees (COSE).

Injazz J. Chen and Karen Popovich (2003), explained that Customer Relationship Management (CRM) was a combination of people, processes and technology that seeked to understand a company’s customers. It was an integrated approach to managing relationships by focusing on customer retention and relationship development. CRM had evolved from advances in information technology and organizational changes in customer-centric processes. The study indicted that companies that successfully implement CRM would reap the rewards in customer loyalty and long run profitability. However, successful implementation was elusive to
many companies, mostly because they did not understand that CRM required company-wide, cross-functional, customer-focused business process re-engineering. The researchers also explained that although a large portion of CRM was technology, viewing CRM as a technology-only solution was likely to fail. Managing a successful CRM implementation required an integrated and balanced approach to technology, process and people.

The researcher by Phillip K. Hellier, Gus M., Rodney A., and John A. Rickard (2003), Customer repurchases intention a general structural equation model had developed a general service sector model of repurchase intention from the consumer theory literature. The model describes customer repurchase intention was influenced by seven important factors – service quality, equity and value, customer satisfaction, past loyalty, expected switching cost and brand preference. The general model was applied to customers of comprehensive car insurance and personal superannuation services. The analysis found that although perceived quality did not directly affect customer satisfaction, it did so indirectly via customer equity and value perceptions. The study also found that past purchase loyalty was not directly related to customer satisfaction or current brand preference and that brand preference was an intervening factor between customer satisfaction and repurchase intention. The main factor influencing brand preference was perceived value with customer satisfaction and expected switching cost having less influence.

Chatura Ranaweera and Andy Neely (2003), presented a holistic model of customer retention incorporating service quality perceptions, price perceptions, customer indifference and inertia. The results showed that perceptions of services quality had a direct linear relationship with customer retention even in mass services with low customer contact. Price perceptions and customer indifference too were found to have a direct linear effect on retention. A linear relationship between inertia and customer retention was not found. Moreover, there was evidence to indicate that inertia was a relatively unstable condition and that reliance by service providers on inertia to retain customers could indeed be a risky strategy. Furthermore, it was also seen how both price perceptions and customer indifference moderated the relationship between service quality perceptions and customer retention.


Chatura Ranaweera and Jaideep Prabhu (2003) examined the influence of satisfaction, trust and switching barriers on customer retention in a continuous purchasing setting in UK. The study found that both customer satisfaction and trust had strong positive effects on customer retention. However, found that the effect of trust on retention was weaker than that of satisfaction. Nevertheless, the interaction between trust and satisfaction also had a significant effect on retention, indicating that building both customer satisfaction and trust was a superior strategy to a focus on satisfaction alone. Finally, the results showed that switching barriers had both a significant positive effect on customer retention as well as a moderating effect on the relationship between satisfaction and retention. While service providers might be retain even dissatisfied customers who perceived high switching barriers, argued that ideally, firms should aim at a combined strategy that mode switching barriers act as a complement to satisfaction.

Luiz Antonio (2004), analysed the behaviour of the “customer retention” indicator, which was widely used to evaluate a company’s relationship capital. The study conclusions indicated that the role of the frequent customers in an eRetailing company could sometimes be widely divergent from that presented in existing academic literature. This finding allowed the researcher to challenge the contention that customer retention always enabled companies to obtain a premium price, as suggested by marketing relationship theories (Brondmo, 2000; Kotler, 1999).

Mike Bolton (2004), explained that the last decade had seen the emergence of customer relationship management (CRM) as a technique to strengthen organizational performance in improving customer retention, customer satisfaction and customer value. However, evidence suggested that many CRM initiatives failed. The study suggested that CRM did not go far enough in changing the underlying culture and system of an organization. What was needed was complete customer centric business processing (CCBP), whereby all business processes and all individuals were focused on identifying and meeting the needs of customer.

Karin Venetis Vrije (2004) studied the effect of service quality on customer retention by integrating business-to-business marketing literature with service quality literature. The findings indicated that service quality indeed contributes to the long-term relationship and customer retention.
Paolo Guenzi and Ottavia Pelloni (2004) explored the impact of interpersonal relationships (both with a firm employee and with another customer) on customer satisfaction and loyalty towards the firm. The researcher found that both types of interpersonal relationships had positive impact on customer satisfaction and loyalty. The findings showed that customer-to-employee and customer-to-customer relationships contributed differently to the development of customer loyalty.

Ingrid Fecikovd (2004), aimed to develop and simplify customer satisfaction (CS) measurement systems by using index method that made quantitative measurement of CS possible. The study found that organizational success is largely depended upon retention of customers, which again depended on CS level. It would be a great help to be able to comprehensively measure the quality of product and service, by relating the measures of quality to real customer behaviour. The study explained that if you give three managers in the same company the same objective i.e. CS, however it might be measured, and they would come up with three distinctly different and incompatible plans. It also found that CS required a number of ingredients, all of which needed to be considered.

The study by Geoffrey Bick, Andrew Beric and Russell Abratt (2004), Customer perceptions of the value delivered by retail banks in South Africa examined the perception and expectations of banking customers regarding the value being delivered to them by retail banks in South Africa. The results were overwhelmingly negative, indicting that customers were not satisfied with service, products and level of customer intimacy delivered to them by their banks. The result was misspent energy and lower profitability. The lack of a recognizable competitive value proposition to customers could have exposed the retail banks to the threat of new competition. This could involve international bankers entering the local market or new non-traditional competitors carving out niches in the market place for themselves, and effectively eroding current market share. The study suggested that banks should concentration on and improve upon customer satisfaction for better customer retention rate.

Lesley White and Venkat Yanamandram (2004), investigated the reasons for consumers dissatisfaction and insert behaviour, and studied customers complaining behaviours and past and future inertia. The study found that determinants of dissatisfaction included the number and size of account fees, whilst determinants of
inertia were the perception of similarity between financial institutions and the complexity, costs and time inherent in switching. Factors differentiating future inertia and future active customers included the type of account, length of time the account had been held, membership of a number of financial institutions, income and level of consideration given to changing financial institution.

The study by Thorsten Hennig-Thurau (2004), Customer orientation of service employees It impact on customer satisfaction, commitment, and retention explored the main determinants of service firms’ success. The study assessed that the customer orientation of service personnel was often regarded as the main determinant of service firms’ success. The researchers had developed an employees’ customer orientation model consisting of four-dimensional employees’ technical skills, social skills, motivation, and decision – making power. The study findings illustrated that service employees’ level of customer orientation was a key driver for customers’ satisfaction with the service firm, the level of emotional commitment of these customers to the firm, and, most importantly, their degree of retention. Therefore, employing customer-oriented service personnel, although not guaranteeing economic success, did represent a crucial step towards it. The findings also illustrated that especially the employees’ social skills and their motivation to fulfill customer needs exert a strong influence on satisfaction and commitment and therefore the development of stable relationships with customers.

Neeru Malhotra and Avinandan Mukherjee (2004), tested the relative influence of organizational commitment and job satisfaction on service quality of customer contact employees in banking call centres of UK. Findings indicated that job satisfaction and organizational commitment of employees had a significant impact on service quality delivered. The affective component of commitment was found to be more important than job satisfaction in determining service quality of customer contact employees.

Julia A. Kiely and Colin G. Armistead (2004), explored the future roles and capabilities of customer service professionals (CSP). Following a literature review and the results from customer focus groups, four key CSP roles were developed, corresponding to the customer service domains displayed in the matrix.
Benort Meyronin (2004), assessed the impact of information and communication technologies (ICT) on the creation of value and differentiation in services. Human interaction in service encounters was a critical factor in service quality and competitive success; and was clearly dependent on the capabilities of customer service professional’s (CSPs) (Czepiel et al., 1985). The study explained that pleasing customers had beneficial effects for all concerned, and the reverse was also true. CSPs frequently deal with people who were angry, upset, or anxious. CSPs were expected to handle emotions within all types of encounter. Technology enabled customers and CSPs to communicate through a variety if media that led to more personalized services which in turn led to greater customer loyalty. The study pointed out the importance of developing skills in front-line CSPs to utilize the features of technology for customer satisfaction and retentions. The study concluded that for better customer retention rate CSPs requires understanding and reacting to the emotional aspects of service delivery.

Kelli Bodey and Debra Grace (2004), had examined “complainers” and “non-complainers” of service on the basis of four personality characteristics (perceived control, Machiavellianism, self –efficacy, self-monitoring) and attitude toward complaining. The results indicated that attitude towards complaining, perceived control and self-monitoring were significant discriminating variables between “complainers” and “non-complainers”. Other variables tested such as self-efficacy and Machiavellianism were not significant. The study found that personality traits and attitudes might prohibit customers from engaging in complaint behaviour. Therefore, it was imperative that service firms analyse their service provision and complaint processes so that the likelihood of customers complaining in the event of service failure was maximized. Kelli and Grace suggested that such strategies might well include feedback surveys or service provider/employee evaluation forms, toll free numbers and customer service calls.

Kalyani (2004) also shares about the changing profile of an insurance agent in India because of the competition in the industry as well as other substitute investments like mutual funds and housing property to compete for the same rupee.
Koirivi (2004) shares about the LIC’s initiative of a massive data warehousing project to get a holistic picture of customers i.e. to capture study and analyze their purchase behavior patterns, their needs and desires.

Ramesh (2004) expresses that insurance selling appears to be going the ‘home loans’ way, where all a player requires is to set up a point – of-sale i.e. a canopy, a desk and a chair. These little ‘offices’ have sprung up in places least suspected them to be present in and clearly, insurance is going to be pretty much the same. Like the other energy organizations.

Mishra (2004) followed the feedback got from some present bancassurance customers and found that 13.5% customers did not know the details of policy they have purchased and its future usage or benefits, 19% customers felt they have not got enough over for insurance needs of their family, 96% of customers rated LIC as the best financially stable insurance company and 17 % of customers felt private insurers can better service the claims than PSU insurers but rest 83% considered PSU insures as better in claim paying ability and systems.

Rao (2004) expresses his opinions that the number of policies sold through bancassurance model is modest as of now. Those in charge of sales should be trained sufficiently to avoid any miscommunication. Kumar (2000) in the SWOT analysis of the bancassurance system told about obstacles this channel faces in India. Parihar (2004) opines that even in bancassurance where career agents, special advisors or the salaried agents are utilized, personal selling have an important role. Insurance products with low complexity can be sold through this channel but products with high complexity will have a lot of difficulty in terms of time, effort and cost to train bank employees.

An effective research by Banumathy & Manickam (2004) concludes that agents offer good services before the policy is issued and while it is in operation but don’t offer good services at the stage of maturity when a customer approaches the for settlement of claims. It, therefore, makes sense to look at well – balanced, alternative channels of distribution.
Muralidharan (2004) has enlisted the distribution channels being utilized by the life insurance industry. They include tied agents, direct selling, corporate agents, group selling, worksite marketing, brokers and cooperative societies, call centers, marketing through mailers etc. Bhat (2005) maintains that keeping in mind the difficulties of the industry, multi-product, multi-segment and multi-channel route needs to be followed for growth.

Aggarwal (2004) stated that the results from both models have been very appreciating showing that there is no single universal model and the quality of performance is more important. SBI expects 2/3 of its premium income from the banc assurance channel despite the typical associated problems of manpower management and lack of sales culture in banks, detachment of branch managers, insufficient product promotions, managerial data base expertise, inadequate incentives etc. The channel is quite promising due to the trend of marching towards a model of global retail financial institution offering a wide array of products creating a one stop-shop for several financial products including insurance.

Verma (2004) stated that the brokers are specialists and are unlike agents. They facilitate insurance activity on the most basic level, by getting clients the protection they need at the price they can afford and at the time they need it. Agents may not be able to strike best deals, as they do not have reach to the whole insurance market but brokers can do wonders for their clients.

Bh Venkatesware Rao (2005) discusses in depth structure of the agency force, which garners the mammoth share of 99.79% of the total LIC business. The article illustrates the motivational measures taken up by the LIC of India to boost the agent morale. However, the article reveals that only 15% of LIC agents are highly productive and remaining 85% are not so productive and supports a few measures to bridge the gap.

Jampala (2005) recognises this channel more useful for corporate sales (group insurance business) and even for catering to High Net worth Individuals (HNIs).

India Infoline article, (August 2004) maintains that insurance agents are still the main vehicles through which insurance products are sold but in a big country like India, one can never be too sure about the levels of penetration of a product. Insurer
in a top-down development approach create products with features attractive to agents (Verma, 2004). Many new and innovative products got and developed by the LIC of India failed to take off because of the commission rates and the incentives were not very attractive to the agents and development officers.

Roland Kantsperger and Werner H. Kunz (2005), aimed to exemplify how to manage overall service quality in customer care centers of Germany and Austria. The study found that employee satisfaction was the main factor for driving customer orientation. The study also found that a strict quality orientation could signal a low level of trust toward the employees. The study suggested that companies should have considered the needs of their employees and possibly initiated measures to foster employee satisfaction. It was essential the firms invested in their employees and applied an employee-oriented management style. Further management efforts resulting in employee orientation would facilitate the job of employees and increase employee loyalty.

Audhesh K. Paswan and Lou E. Pelton, and Sheb L. True (2005), investigated the relationship between front-line employees’ perceived managerial sincerity, need for feedback, and role motivation. The results suggested a positive association between front-line employees’ feedback-seeking orientation and their perceived managerial sincerity. A positive association also exists between front-line employees’ motivation levels and their job satisfaction. The results of the study suggested that manager’s interpersonal communication techniques enhanced front-line employees’ perceptions of managerial sincerity, and increased their motivation and job satisfaction. However, managers needed to balance a portfolio of diverse employee traits with relevant managerial styles to achieve desired outcomes.

Irene Gil Saura, Gloria Berenguer Contri and Amparo Cervera, and Beatriz Moliner (2005), explored the relationships between customer orientation (CO), service orientation (SO) and job satisfaction (JS). By implying reliability and factorial analysis the study revealed that CO was found to produce mediated effects, through SO, on overall JS. The mediator role was identified as human resources management practice, service systems practice and service leadership practice. In addition, in all cases, a direct, positive association was found between SO practices and CO. The
results showed managers to consider the importance of emphasizing those organizational cues that helped build a SO climate in their organizations.

Oracle (2005) explained Loyalty as a positive belief, generated over the course of multiple interactions, in the value that a company and its products and/or services provided, which led to continued interactions and purchase over time. Loyalty should not be confused with customer satisfaction. Although loyalty was built on satisfaction, organizations could have satisfaction without loyalty. Customer satisfaction was an “opinion measure” about company performance and how customer felt their needs were met in past interactions or by past purchases, whereas customer loyalty was a results measure that included expectations of future behaviour. For example, 75 percent of consumer wireless customers were “satisfied” with their current service, but 72 percent would be willing to switch to a competing provider.

Christopher White Charles and Yi-Ting Yu (2005), re-examined consumer satisfactions and consumer behavioural intentions in Switzerland. The researchers explained that satisfaction emotions were best conceptualized as a three – dimensional construct that positive (hopeful, happy, positively, surprised); negative emotions (guilty, humiliated, depressed); and bi-directional emotions (angry, disappointed). White and Yu showed that there was a statistically significant relationship between the bi-directional component and customer complaining behaviour. The researchers advised business people to consider incorporating the positive, negative and bi-directional emotions framework into their existing strategies for measuring customer satisfaction.

T.K.P. Leung, Kee-hung Lai, and Ricky Y.K. Chan and Y.H.Wong (2005), examined the roles of two Chinese cultural variables guanxi (personal relationship) and xinyong (personal trust) in Chinese relationship marketing. The study found that suppliers must be competent in product knowledge, market development, and adaptation to buyers’ requirements to resolve conflicts in order to establish their xinyong with the buyers. Competence allowed suppliers to show psychological commitment and establish guanxi with the buyers. It also showed that guanxi had a stronger influence on xinyong than on satisfaction. Suppliers should use guanxi to generate buyer’s perception on xinyong whilst maintaining a reasonable level of
buyer satisfaction with their products and services. Also, relationship between xinyong and satisfaction was not significant. A buyer’s satisfaction on the supplier’s product and services did not necessarily mean that this buyer perceived the supplier having xinyong because Chinese mixed (up) business with personal relationship and sometimes they made trade-off between them.

The study by Rosalind McMullan (2005), A multiple-item scale for measuring customer loyalty development explored the complex inter-relationships between the attitudinal and behavioral dimensions of customer loyalty development, by examining the dynamic processes by which customer loyalty was initiated and sustained using a mixed methods approach. McMullan used Oliver’s (1999) four-phase model of customer loyalty development as the basis for constructing a scale to measure validity and reliability customer loyalty development. The findings of the study demonstrated the validity and reliability of the loyalty scale and highlighted the sustaining and mediating effects associated with different levels of loyalty development. The findings highlighted the need to acknowledge the importance of reciprocity in terms of which aspects of service customer’s value within different levels of loyalty. Three themes emerged when McMullan used the scale for measuring customer loyalty development in the passenger ferry sector: loyalty sustainers. These include cognitive items such as choice, punctuality, reservation information and facilities, and affective items such as enjoyment, loyalty and recommendation. Loyalty vulnerabilities: price. These include price-related items such as bargain hunting and value for money. Loyalty vulnerabilities: service. One aspect of this is the challenge posed by a new service, such as the arrival of low-cost airlines.

Benjamin Osayawe Ehigie (2006), seeked to examine how customer expectations, perceived service quality and satisfaction predict loyalty among bank customers in Nigeria. In the study hierarchical regression analysis carried out revealed that perception of service quality and satisfaction were significant predictors of customer loyalty, with customer satisfaction contributing more. The study improved the external validity of similar findings in the west and demonstrated the generalizability of service quality perception and customer satisfaction as predictors of customer loyalty.
The study by Lawrence Ang and Francis Buttle (2006), customer retention management processes: A quantitative study investigated the associations between customer retention process and a number of management processes including customer retention planning, budgeting and accountability and the presence of a documented complaints-handling process, through a quantitative survey of 170 companies in Australia. The study found that excellence at customer retention is positively and significantly associated customer satisfaction regarding complaints-handling processes.

Juan Pablo Maicas lopez, Yolanda Polo Redondo and Fco. Javier Sese (2006), analysed the impact of customer relationship characteristics on customer switching behaviour. The study highlighted the need for firms to renew both acquisition and retention strategies in order to take individual customer information into account. This should help them to identify and retain the most valuable customers and to optimally allocate marketing resources (from switching-prone to non-switching-prone customers). The study raised need to consider relationship characteristics in the analysis of customer switching behaviour. This research showed that the heterogeneity observed in the depth, length and breadth of customer-firm relationships help to determine customer’s tendency to switch fixed-telephone suppliers. Customers who maintained a long-lasting relationship with the firm (length), used the service more (depth), and invested in complementary services (breadth), would be predisposed to switch.

The study by Judith Broady-Preston and Joanna Felice (2006), Customers, relationships and libraries: University of Malta-a cause study analysed the relationship between the University of Malta library and its customers. The study concluded that involving customers in service design and delivery could have positive benefits in terms of improving the perception of the library service amongst its customer base.

Jiu-Sheng Chris Lin, and Pei-ling Hsieh (2006), aimed to examine how technology readiness (TR) influenced customers’ perception and adoption of self-service technologies (SSTs). The results indicated TR influences perceived SST service quality and behavioural intentions, while perceived SST service quality has a positive impact on customer satisfaction and behavioural intentions toward SSTs. The
researchers suggested that an aggressive approach toward strengthening TR drivers, SST service quality dimensions and reducing TR inhibitors would show benefits for both firms and customers.

According to Avaya (2006), in any contact center, labor costs were typically the largest annual expense component, exceeding 60% of total operational costs. Traditionally high turnover rates, leading to additional costs for new hire training and the hidden costs of lower productivity, amplified the total costs of staffing the contact center on an annual basis. Lower unemployment levels increased the pressure to raise salary levels to remain competitive. Enhancing the attractiveness of employment at your contact center in comparison with other local competitors enabled you to attract more skilled resources and reduce turnover, and might allow you to limit the need for salary increases.

Role clarity of frontline staff was critical to their perceptions of service quality in call centres.

The study by Avinandan Mukherjee, and Neeru Malhotra (2006), does role clarity explain employee-perceived service quality? A study of antecedents and consequences in call centre examined the effects of role clarity and its antecedents and consequences on employee –perceived service quality. The research revealed that role clarity played a critical role in explaining employee perceptions of service quality. Further, the research findings indicated that feedback, participation and team support significantly influenced role clarity, which in turn influenced job satisfaction and organizational commitment. The research suggested that boundary personnel in service firms should service for more clarity in perceived role for delivering better service quality.

The objective of Sarah Spencer-Matthews and Meredith Lawley (2006) study was to better understand the issues in customer contact management to improve customer service in Australian service industry. The research confirmed the importance of customer service in business success (Buttle, 2000; Innis and La Londe, 1994). The research also identified the need for firms to consider customer contact management as an avenue for differentiation and competitive advantage. This research also added to the debate about developing and maintaining relationships with customers (for
example, Palmer et al., 2000; Rosenthal and McEachern, 1997) especially because it emphasized relationship marketing as part of service delivery.

Yong-Ki Lee, Jung-Heon Nam, and Kyung Ah Lee (2006), analysed the structural relationship between empowerment, service training, service reward, job attitudes such as job satisfaction and organizational commitment, and customer-oriented pro social behaviour of employees. The study found first, the greater the job satisfaction, the greater was the role-prescribed customer service of employees. Second, the greater the job satisfaction, the greater was the organizational commitment. Third, empowerment had a significant effect on organizational commitment and extra-role customer service. Fourth, service training had a significant effect on job satisfaction, but it had a negatively direct effect on organizational commitment. Fifth, service reward had a significant influence on job satisfaction and organizational commitment. The researchers suggested that based on these empirical findings, employee management should have been shifted from a transactional to a relationship-building orientation- the former being short-term goal-oriented and the latter long-term. Additionally, service organizations should have evaluated employee lifetime value (ELV) as well as customer lifetime value (CLV).

Vaikalathur Shankar Mahesh and Anand Kasturi (2006), exploratory study was designed to understand; improve call centre agent performance based on the agents’ point of view in UK and India. The study implied factor and correlation analysis. Four distinct factors emerged from the analysis: intrinsic motivation (IM, a ¼ 0.91), reward/recognition (RR, a ¼ 0.56), customer stress (CS, a ¼ 0.85) and stress management (SM, a ¼ 0.74). IM correlated positively with effectiveness, especially among experienced agents. CS correlated negatively with IM positively with RR; SM correlated positively with IM. The study had established important links between IM, CS and with effectiveness. The study suggested call centre managers to improve agents’ performance by overworking on IM rather than control. Further, higher levels of IM were likely to lead to a less stressed workforce.

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Tim Hughes (2006), analysed the status of customer relationships management of UK financial services sector in view of multi-channels situation. The study found that the addition of new channels alongside those already in existences opened up new areas of the organization to customer contact and created significant challenges in relation to staff roles and existing processes for interacting with customer. The study suggested that channel integration was a strategic issue potentially requiring structural changes to the organization and changes in the behaviour of customers.

The study by Khalid Al-Marri, Abdel Moneim M. Baheeg Ahmed, and Mohamed Zairi (2007), Excellence in service: an empirical study of the UAE banking sector, was to examine the critical success factors of total quality management (TQM) implementation in the United Arab Emirates (UAE) banking sector. The study identifies sixteen factors critical for TQM success. Top management support, strategy, customer focus, quality service technologies, and service culture were among the top five factors critical for excellence in service.

Nelson Oly, Chan Kok wah, and Gibson C. Ndubisi (2007), examined the impact of supplier- customer relationship management on customer loyalty in Malaysia banking sector. The results showed that relationship marketing strategies, namely: communication; commitment; competence; and conflict handling were indirectly and trust relationship quality was directly associated with customer loyalty.

Gupta, Hima (2007), The role of insurance in health care management in India was examined is to offer a review of this matter. The results provides that almost 79 per cent of health expenditure is borne by private bodies and the rest by the public. Authors argue that to stimulate private health insurance growth, the Indian government should recognize health insurance as a separate line of business and distinguish it from other non-life insurance. Particular emphasis is placed on the
present health care scenario in India and international field generally. A global comparison of selected Asian countries, regarding their national incomes and health expenditure in public and private sectors, generates insights. Third party administrators (TPAs) facilitate a cashless health services for their customers and offer back-up services to the insurance companies. Desired strategies and ways of furthering the role of the Insurance Regulatory and Development Authority in acting as a regulator for the purpose of ensuring the industry's smooth functioning is an issue for India's health services.

Panayiotis G. Artikis, Stanley Mutenga and Sotiris K. Staikouras (2008), A practical approach to blend insurance in the banking network, the study was examined to look empirical findings related to the bank-insurance model and to outline the market practices across the world. The market dynamics underpinning the bancassurance phenomenon are analyzed alongside discussions of the various bancassurance products and bank-insurance modes of entry. The study found that there is an uneven success of the bancassurance phenomenon across the world. It is not clear whether re-regulation is the cause or response to globalization, and vice versa, which in turn both shape the bancassurance arena. A number of incentives for the formation of financial conglomerates are identified. Finally, three modes of entry have been documented to reflect market realities.

Haemala Thanasegaran, Bala Shanmugam (2008), Exploitation of the insurance industry for money laundering: the Malaysian perspective was analysed to highlight the serious threat posed by money laundering activities in exploiting the insurance industry, from the Malaysian perspective. Research shows that two-thirds of the cases worldwide associated with money laundering in the insurance sector, related to life insurance products, with general insurance accounting for most of the remaining third of the cases reported. Apart from this, insurance intermediaries like agents and brokers, who are an important direct distribution channel for the sector, are easily subject to exploitation by money launderers.

Chiang Ku Fan and Shu Wen Cheng (2009), examined efficiency comparison of direct and indirect channels in Taiwan insurance marketing. The three major findings are: the efficiency score of a direct marketing channel is significantly higher than that of a comparable indirect marketing channel. The efficiency relationship between the
indirect marketing channel and the direct marketing channel is independent. A marketing efficiency evaluation, when divided into different marketing channels for evaluation, provides meaningful results for marketing decision-makers.

**Thakur, Shilpa (2010),** Competition in Life Insurance Sector of India, was to examined to understand the life insurance sector in India and flagging issues relating to competition in this sector. The results shows that the dominance of LIC is not deliberate rather it is by virtue of the regulations that the market is deprived of a level playing field and market has an anti-competitive environment. This sector is highly lucrative and therefore increasing the FDI cap would be a step to enhance competition in this sector and also cover a large population. Exclusive networking, sovereign guarantee and entry barriers like limited FDI creates an anti-competitive environment in market.

**Gera, Rajat (2011),** Modelling the service antecedents of favourable and unfavourable behaviour intentions in life insurance services in India was examined to identify the key conceptual and empirical inter-relationships between service encounter variables of perceived agent service quality, overall customer satisfaction and perceived value and their relationships with behavioural outcomes of repurchase, recommendation and complaint intentions in the life insurance services in India. The results provide empirical support for the comprehensive nature of direct and indirect effects of service quality, value perceptions and overall satisfaction on future behavioural intentions. The study identifies the key agent service quality attributes of product knowledge, empathy, reliability and trust as important antecedents of favorable behavioural outcomes. Agent service quality, satisfaction and value perceptions have significant affect on recommendation intentions.

**RATIONAL OF THE STUDY**

Gaps in the existing studies showed that there was a need to make a fresh attempt to understand the comparative study between the public and private sector as a strategic toll for Indian insurance sector as a number of improvements could be incorporated on account of gaps in the existing literature. The need for the study could be encapsulated in the following points:
Most of the studies reported in the literature had been conducted in the developed countries. Since there was a significant impact of environment, culture, paying capacity, economy, habits etc. on customer behaviour, middlemen behaviour therefore, the concepts and practices pertaining to comparative study between the public and private sector as strategic tool in Indian insurance sector context would have to be different.

Hardly any study had been reported on comparative study in Indian insurance sector. The need for such a study arose as insurance services now occupied the prime position among the industrial scenario for the country. Insurance services were the fastest growing sector of Indian economy and hence the need for focusing on this sector.

Increased competition among the Indian insurance companies required them to adopt the customer centric strategic for customer retention through eCRM rather than tapping new customers. In order to counter competition, insurance companies had to undertake continuous information gathering, analysis, and dissemination and use it to obtain a cutting edge in the present business scenario.

Hence, the present study was conducted and it was a systematic attempt to analyze diverse dimensions of comparative study between the public and private sector as a strategic tool for Indian insurance sector because the customer retention capacity of the organization depends upon the strategy, management directives, employee’s involvement and type of technology adopted by the organization to interact and maintain relationship with the customers.