ABSTRACT

The insurance sector is one of the important components in the financial system. It comes under the financial service sector. The financial service sector is considered to the nucleus of the growth model designed for the economic development of the country. The rapid progress witnessed in the realm of financial services industry is engineered by the trends in globalization, liberalization and privatization. As a part and parcel of the financial section, the insurance industry caters to the needs of financial institutions, financial markets and financial instruments, geared to serve individual and institutional investors. Thus this service industry occupies an important place in the economic growth of the country.

So far, Life Insurance Corporation of India (LIC), the public enterprises has enjoyed the monopoly in the insurance industry. Later, due to liberalization, foreign investors slowly invaded this industry. Presently the Government of India has opened its doors to the foreign investors to carry out their business in India. This made fierce competition not only to the LIC but also among the Private Life Insurance Companies (PLICs), who have business collaboration with foreign insurance companies.

In the context of the above, not only LIC but also the PLICs have gathered momentum to vow the customers to improve their business as well as to establish their brand through quality customer service. Understanding the imperative need of giving customer satisfaction to their customers, the insurance companies are taking strenuous efforts to attract the customers. Even though the main aim is “customer satisfaction”, the approach and the strategy of every company may differ. In this context an in-depth study was attempted to analyze the Service Quality (SERVQAL) of the companies by arriving at the Service Gaps of the companies.
For this exploratory study, the SERVQUAL model developed by Parasurman et al. (1988) was taken as the base and six SERVQUAL Dimensions (SDs) were identified. The SDs were; Tangibles (4 statements), Reliability (5 statements), Responsiveness (6 statements), Empathy (3 statements), Individualized Attention (3 statements) and Performance (3 statements). The perceptions and expectations obtained from the twelve profile factors in respect to the six SDs were analyzed using various statistical tools through a structured questionnaire. The questionnaire was validated in all respects.

The conclusion arrived from the findings of the data analysis were: all the six SDs were very closely associated with the service quality rendered by LIC and PLICs. There were wide gaps (negative) in SERVQUAL between LIC and PLICs. In a few SDs like, Tangibles, Responsiveness, Empathy, Individualized Attention and Performance, LIC had a wide gap and their gaps scores were more than those of PLICs. The gap score of Reliability was less that of the PLICs which had more gap score than that of LIC. The PLICs’ gap scores in respect to the dimensions Empathy and Individualized Attention were 0.00 whereas the LIC in both scored -0.24 and -0.31 respectively. With regard to the dimension Performance, PLICs had surpassed the LIC with 0.05 (Positive) gap score whereas the LIC accounted for -0.13 for this dimension.

It is concluded that, the Service Quality of LIC in Ramanathapuram district is lesser than that in the PLICs. LIC has to adapt suitable strategy and plan to improve the service quality by holistic implementation.