Volume : 2 | Issue : 4 | April 2013 • ISSN No 2277 - 8160

Research Paper | Commerce.

A Study on Level of Service Quality of Life Insurance Corporation of India – with Special Reference to Chennai District.

R. Guru Murthy Research scholar, Khadir Mohideen College, Adirampattinam, Thanjavur District, Tamilnadu– 614701

Dr. P. Chilar Mohamed Associate professor and Research Advisor In Commerce, Khadir Mohideen College, Adirampattinam, Thanjavur District, Tamilnadu– 614701.

ABSTRACT

The competition to provide insurance service is increasing and providing service quality is vital for insurance companies to survive and prosper. SERVQUAL is extensively used for reducing the gap between the customer and business organization, present study includes ethical practices taking pragmatic view about business corruption and unethical practices in financial markets. The objective of this research paper is to assess and analyze the quality level provided by the Life Insurance Corporation of India to its loyal customers and find its economic moat compared to its competitors. High Satisfaction with Life Insurance Corporation of India is likely to be a barrier for private players. Although several researchers have made theoretical and empirical contribution to the study of service quality in various industries, (like banking, healthcare, education, food industry, etc) the area of insurance is not adequately researched. The present study strives to develop a valid and reliable instrument to measure customer perceived service quality in Insurance Sector. The resulting validated instrument comprised of seven dimensions: assurance, personalized financial planning, competence, corporate image, tangibles, technology and Ethics. Various gaps are identified and indicate that there is room for improvement. These results provide a good framework for private Insurers to improve their competitive position especially relating to ethical working.

KEYWORDS: Service Quality, Customer satisfaction, Salary Points, Ethics.

INTRODUCTION

With the latest development Foreign Direct Investments, liberalization, Privatization and Globalization in insurance sector, service quality has become an important tool for proving difference between the Insurance Industries in India and Foreign Insurance companies.Service Quality as become one of the important business tool to achieve business success. Such important tool based on service quality can be a key source of competitiveness for insurance companies and hence have an implication for leadership in such organizations.

With the increasing demands of customer, insurance sector has become competitive. Customers are becoming increasingly aware of their expectations, and demand higher standards of services, as latest technology is enabling them to make comparisons quickly and accurately. Their perceptions and expectations are continually evolving, making it difficult for service providers to measure and manage services effectively.

The trend of insurance companies shifting from a product-focused view to a customer-focused one has been developing recently as insurance products become increasingly hard to differentiate in fiercely competitive markets. Insurance companies in India are consequently directing their strategies towards increasing customer satisfaction and loyalty through improved service quality. It is becoming desirable for insurance companies to develop a customer centric approach for future survival and growth. The awareness has already dawned that prompt, efficient and speedy service alone will tempt the existing customers to continue and induce new customers to try the services of the company. In the life insurance sector, most of the companies have equivalent offerings. Service marketers have realized over past few years that competition can be well managed through quality. Thus service quality is imperative to achieve competitive advantage. Poor quality places a firm at a competitive disadvantage. Service quality offers a way of achieving success among competing services, particularly in case of firms that offer nearly identical services, such as life insurance, where establishing service quality may be the only way of differentiating oneself. Such differentiation can yield a higher proportion of consumer's choices, and hence mean the difference between financial success and failure.

Early concepts of satisfaction research have defined satisfaction as a post choice evaluative judgment concerning a specific purchase decision (Churchill and Sauprenant 1992; Oliver 1980). Most researchers agree that satisfaction is an attitude or evaluation that is formed by the customer comparing their pre-purchase expectations of what they would receive from the product to their subjective perceptions of the performance they actually did receive (Oliver,1980). Further, "Satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations". (Kotler, 2000, p.36).Customer satisfaction is a collective outcome of perception, evaluation and psychological reactions to the consumption experience with a Product/ Service(Yi,1990).

Now at present in any Sector not only Insurance Industry meeting of Service Quality level of Customers is not a great task but exceeding the level of Service quality expected by the consumers and by the competitors with the help of latest technological development and by adopting innovative market technologies to beat the competition and to survive in the global market as a leader.

Life Insurance Industry in India

Life Insurance Came to India from United Kingdom base with the establishment of British firm Oriental Life Insurance Company in Calcutta in 1818 followed by Bombay Life Assurance Company in 1823.The Oriental Life Insurance Company however failed in 1834. In 1829, the Madras Equitable had begun transacting life insurance business in the Madras Presidency. 1870 saw the enactment of the British Insurance Act and in the last three decades of the nineteenth century, the Bombay Mutual (1871), Oriental (1874) and Empire of India (1897) were started in the Bombay Residency. This era, however, was dominated by foreign insurance offices which did good business in India, namely Albert Life Assurance, Royal Insurance, Liverpool and London Globe Insurance and the Indian offices were up for hard competition from the foreign companies. In 1914, the Government of India started publishing results of Insurance companies in India. The Indian Life Assurance companies Act, 1912 was the first statutory measure to regulate the business. Due to heavy Competition and Unfair Trade practices and cheating by more Insurance companies The Indian Government decided to nationalize the Insurance Business in 1950. An Ordinance was issued on 19th January, 1956 nationalizing the Life Insurance sector and Life Insurance Corporation came into existence in the same year. The LIC absorbed 154

Indian, 16 non-Indian insurers as also 75 provident societies—245 Indian and foreign insurers in all. The LIC had monopoly till the late 90s when the Insurance sector was reopened to the private sector.

In 1968, the Insurance Act was amended to regulate investments and set minimum solvency margins. The Tariff Advisory Committee was also set up then. In 1972 with the passing of the General Insurance Business (Nationalization) Act, general insurance business was nationalized with effect from 1 January 1973. One Hundred and Seven insurers were amalgamated and grouped into four companies, namely National Insurance Company Ltd., the New India Assurance Company Ltd., the Oriental Insurance Company Ltd and the United India Insurance Company Ltd. The General Insurance Corporation of India was incorporated as a company in 1971 and it commence business on 1 January 1973.

In 1993, the Government set up a committee under the chairmanship of RN Malhotra, former Governor of RBI, to propose recommendations for reforms in the insurance sector. The objective was to complement the reforms initiated in the financial sector. The committee submitted its report in 1994 wherein, among other things, it recommended that the private sector be permitted to enter the insurance industry. They stated that foreign companies be allowed to enter by floating Indian companies, preferably a joint venture with Indian partners.

Following the recommendations of the Malhotra Committee report, in 1999, the Insurance Regulatory and Development Authority (IRDA) was constituted as an autonomous body to regulate and develop the insurance industry. The IRDA was incorporated as a statutory body in April, 2000. The key objectives of the IRDA include promotion of competition so as to enhance customer satisfaction through increased consumer choice and lower premiums, while ensuring the financial security of the insurance market. The IRDA opened up the market in August 2000 with the invitation for application for registrations. Foreign companies were allowed ownership of up to 26%. The Authority has the power to frame regulations under Section 114A of the Insurance Act, 1938 and has from 2000 onwards framed various regulations ranging from registration of companies for carrying on insurance business to protection of policyholders' interests.

In December, 2000, the subsidiaries of the General Insurance Corporation of India (GIC) were restructured as independent companies and at the same time GIC was converted into a national reinsurer. Parliament passed a bill de-linking the four subsidiaries from GIC in July, 2002.

At Present there are Twenty Four general insurance companies including the ECGC and Agriculture Insurance Corporation of India and 23 life insurance companies operating in the country.

Growth of Insurance Industry in India

Following is the Timeline of Important Events in Insurance Industry in India

1850-Triton Insurance -first non life insurance company at Calcutta.
1870-71-Bombay Mutual Life Assurance Society Limited -first Life Insurance Company.
1874- Oriental Government Security Life Assurance Company Limited
1896- Bharat Insurance Company Limited.
1897-Empire of India Assurance Company Limited
1905 – During the Swadeshi Movement number of companies came into being like United India, National Hindustan Cooperative etc.
1907- Indian Mercantile -First Composite (Non Life Insurer).
1912- Life Insurance Act (1912)
1914- Government started to publish returns of life insurers.
1934-S.C.Sen appointed special officer to submit a report on Indian Insurance.
1936-N.N.Sarakar Committee set up to examine Sen's Report.
1937- Draft of the Insurance Act approved.
1938- Insurance Act(1938) passed.
1945-Cowasji Jehangir committee setup to review malpractices.
1950-Ranganathan committee's recommendations to amend the Insurance Act(1938)accepted and the act amended to establish the position of Controller of Insurance.
Also passed- The Life Insurance Corporation & General Insurance Council.
1956- LIC set up.
1957-Reinsurance Corporation of India setup as India's First Reinsurance Company.
1958- Section64(V) (B) introduced-invoking Cash Before Cover (C.O.D.)
1968- Ordinance passed to amend the Insurance Act to regulate/control Non Life Insurance. - Tariff Advisory Committee (TAC) formed.
1971- General Insurance Emergency Provision Act(1971)passed to take over the control of the non life insurance industry.
1972- General Insurance Industry nationalised.
1973- GIC set up.

Decade 1990-2000

1993- Malhotra Committee setup to explore and to recommend means to reintroduce an element of competition by with drawing the exclusivity of LIC and GIC.
1994- Malhotra Committee submits report.
1997-Insurance Regulatory Authority (IRA restyled as IRDA) established.
Insurance Regulatory & Development Act1999(IRDA) passed.

2000

IRDA made a statutory body.
IRDA Guidelines for licenses by way of various notifications issued.
Windows for filing applications for licenses opened.
First Insurance Licenses issued on Diwali day-HDFC/Standard Life became the first Life & royal Sundaram Alliance (RSA) the first Non Life Insurer to be licensed in addition to Reliance (non life).
First Life Insurance policies issued from newly licensed insurers issued by Prudential/ICICI & HDFC/ Standard Life.

Decade 2001-2010

2001- Five Private Life Insurance companies started – Namely Bajaj Allianz,Birla Sunlife,ICICI Prudential, SBI Life,TATA AIG.

2002-Seven Private Life Insurance Companies started- Namely Aviva, HDFC Standard,ING Vysa,Kotak Mahindra,Max New York, Met Life,Reliance.

2004-One Private Life Insurance Company Sahara started.
2006-Bharathi AXA,Shriram opened.
2008-Future Generali, and IDBi Federal Started.
2009-Four Life Insurance companies started- namely Aegon Religare, Canara HSBC, DLF pramerica, and Star Union Dai-ichi
2010- India First Life Insurance company started In the Year 2012-

There are totally 24 Life Insurance companies.

But still LIC hold the Majority of shares when compared to Private Insurance Companies.

Statement of Problem

Providing a good service quality is a major concern for for insurance industry. Customer satisfaction may determine the success or fail of a business. In order to be competitive in the marketplace, insurance companies need to satisfy their customer. Best service quality provided would ensure a high market share and substantial growth. It is important for insurance to provide good service to uncover what attributes consumers utilized in their assessment of overall service quality and satisfaction and which attributes are more important (Yang and Fang, 2004). Therefore, the insurance companies need to understand the attributes that customer use to judge service quality and enhance service quality. The research tries to analyze the level of customer satisfaction towards Insurance Industry in India.

Objectives of Study

Although several researchers have made theoretical and empirical contribution to the study of service quality in various industries, (like banking, healthcare, education etc) the area of life insurance is not adequately researched. Some previous studies in this area focused exclusively on relational qualities (Crosby and Stephens, 1987),Mehta and Lobo (2002) and on the generic SERVQUAL format of quality measurement (Parasuraman et al., 1994).

Following objectives were structured for the purpose of this study:

The main objectives of this study were to examine the level of service quality in Insurance industry from the perspective of insurance customers. The specific objectives were as follows:

1. To Study the level at which services are being well delivered i.e. up to level or exceeding the level of performance of services given by the Life Insurance company
2. To assess the quality of service provided by the Insurance sector
3. To analyze the level of customer satisfaction towards Insurance sector.
4. To identify the main attributes of service quality in which customers are satisfied more in Insurance sector.

Limitations of Study

1. The study is carried out only in Chennai district.
2. The Study was conducted with in a available time frame.
3. The sample size limited to 100. The result may or may not vary if it is conducted in large scale.
4. The survey carried out is purely based on the opinion of customers which may vary from time to time.
5. The external factors which influence the customer to go for the product are not analyzed in this research.

REVIEW OF LITERATURE

Defining and measuring quality in services might be difficult due to the intangible nature of the service offering. The researches on service quality have been carried out within the framework of widely accepted service quality SERVQUAL instrument. (Parasuraman et. al.(1985, 1988, and_1991). Since then, many researchers have used the 22-items scale to study service quality in different sectors of the service industry including financial institutions (Gounaris et. al. 2003; Arasli et. al. 2005).

The service quality model was derived from the magnitude and directions of five gaps as follows:

Gap 1 (Understanding): the difference between customer expectations and management perceptions of customer expectations

Gap 2 (Service Standards): the difference between service quality specifications and management perceptions of consumer expectations.

Gap 3 (Service Performance): the difference between service quality specifications and the service actually delivered.

Gap 4 (Communications): the difference between service delivery and what is communicated about the service to customers.

Gap 5 (Service Quality): The difference between customer expectation of service quality and customer perception of the organization's performance.

Gaps 1 to 4 affect the way service is delivered and these four gaps lead to Gap 5. Therefore, the extent of

Gap 5 depends on the size and direction of these four gaps (Gap 1, Gap 2, Gap 3 and Gap 4).

Dimensions of SERVQUAL Model*

Service quality dimension	Definition
Reliability	Involves consistency of performance and dependability
Responsiveness	Willingness or readiness of employees to provide service (timeliness of service, giving prompt service)
Competence	Possession of the required skills and knowledge to perform the service
Access	Approach of ability and ease of contact
Courtesy	Politeness, respect, consideration and friendliness of contact personnel
Communication	Keeping customers informed in language they can understand and listening to them
Credibility	Trustworthiness, believability, honesty, and having the customers' best interests at heart
Security	Freedom from danger, risk and doubt
Understanding/ Knowing the customer	Making the effort to understand the customer's needs
Tangibles	Physical evidence of the service

*Adopted from Parasuraman, A. & Zeithaml, V. A. & Berry, L. L. (1985).

In the year 2002 Mehta and Lobo found out and analysed Seven Dimension towards Service Quality in insurance sectors . The seven dimensions of SERVQUAL Model for Insurance Sector by Mehta and Lobo (2002) are Tangibles, Competence, Corporate Image, Technology, Personalized Financial Planning, and Assurance.

Previous Research studies were proved that the products moved well based on the satisfaction of Customer towards the product. This idea is at the heart of the service–profit–chain theory developed by Heskett et al. (1994), which suggests that the firm's financial performance is derived from customer satisfaction, which is derived from employee performance, which, in turn, is derived from employee satisfaction.(Snipes et al., 2009).

Previous research has indicated that high levels of customer satisfaction are related to the service quality provided through customer interactions. The service profit chain specifically identifies a relationship between employee satisfaction, service quality and customer satisfaction. Service quality has formed a nucleus of research incorporating many dimensions of service outcome and the parameters for achieving these outcomes: costs, profitability, customer's satisfaction, customer retention, and service guarantee; corporate marketing and financial performance (Kumar et al., 2008).

In the previous decades, service quality has been a common topic which attempts to identify that service quality is defend" corresponding to the customers' expectations and satisfy their needs and requirements. Researches about service quality are interested in the issue of measurement. Different models have been designed to determine the service quality level. For example, Gronroos (1984) counted two dimensions to determine service quality level: functional quality and technical quality and he classified the perception of customers into three groups: favorable, unfavorable, and neutral. On the base of same attitude, Lehtinen et al (1991) argued that service quality has a three-dimensional concept including: physical, interactive, and corporate qualities and they mentioned these three dimensions affected each other. They, also, compared their model to Gronroos' model and they argued that Gronroos' model is more abstracted. Nevertheless, many researchers have chosen SERVQUAL instrument as measuring service quality (kang & James, 2004).

Finally between 1985 and 1988, parasuram, Zeithmal, and Berry considered the service quality as a type of attitude.

They defined service quality as the difference of customer perceptions of service being presented by the given industry with the customer expectations of excellent service within the organization. Berry (1988) implied that the distance between the expectations and perceptions of the real level of performance influence the customer's evaluation of overall service quality. They developed 'SERVQUAL' which the best applicable model of service quality that compares performance and expectation for a series of linked attributes. Service quality instrument comprises 22 items based on five dimensions used by costumers when evaluating service quality without regard to the kind of customer service.

Service quality in Insurance Industry

Insurance Industries providers offer services that are service products which provide no cues of quality as benefits are realized only after long time. Consumers usually depend on cues such as brand image to ascertain and perceive service quality (Gronroos, 1984). This is true for a service such as insurance, which has no major tangible representations of its quality and is highly relational during most transactions. There is also a lack of price signal in the

market due to different customer needs and difficulty in comparing prices; thus consumers cannot depend solely on price as an extrinsic cue to signal quality. The outcomes of life insurance purchase are often long term and no post purchase valuation is possible. The consequences of a purchase may not affect an immediate reaction towards satisfaction. This situation is more apparent as the future benefits of the "product" purchased are difficult to foresee and take a long time to "prove" its effects (Crosby and Stephens, 1987). Infrequent purchase and "usage" of such products by consumers would mean an inability or difficulty in forming service expectations due to limited understanding of and familiarity with the service (Johnston et al., 1984). At the same time, because of the amount of money that is typically invested in an insurance policy, customers seek long-term relationships with their insurance companies and respective agents in order to reduce risks and uncertainties (Berry, 1995). Pure services like insurance may, therefore, conjure different expectations than that of services that include tangible products (Toran, 1993). An insurance policy is generally obtained through an agent. (Richard and Allaway, 1993; Clow and Vorhies, 1993; Crosby and Cowles, 1986). Customers are, therefore, likely to place a high value on their agent's integrity and advise (Zeithaml et al., 1993) The quality of the agent's service and his/her relationship with the customer serves to either mitigate or aggravate the perceived risk in purchasing the life insurance product. Putting the customer first, and, exhibiting trust and integrity have found to be essential in selling insurance (Slattery, 1989).

Toran (1993) points out that quality should be at the focal point of insurance industry. Customer surveys by Prudential have identified that customer want more responsive agents with better contact, personalized communications from the insurer, accurate transactions, and quickly solved problems (Pointek, 1992). A different study by the National Association of Life Underwriters found other important factors such as financial stability of the company, reputation of the insurer, agent integrity and the quality of information and guidance from the agent are some of the key issues (King, 1992).

Research has shown that the quality of services and the achievement of customer satisfaction and loyalty are fundamental for the survival of insurers. The quality of after sales services, in particular, can lead to very positive results through customer loyalty, (Taylor, 2001). However, many insurers appear unwilling to take the steps to improve their image in India.

Studies by Wells and Stafford (1995), Friedman, (2001a, 2001b), indicates there is customer dissatisfaction in the insurance industry, stemming from poor service design, delivery, ignorance of customers' insurance needs in advanced economy.

Service quality in life insurance services is yet to be investigated in India. Further more for service quality modeling, a set of dimensions is required, but there are no universal dimension; it needs to be modified as per the service in consideration. Therefore, the dimensions issue of service quality requires reexamination in context of life insurance which is discussed here.

Service Quality Dimension

Based on the literature review, the researcher would like to use as a basis the SERVQUAL model modified by Mehta and Lobo (2002) for evaluating the relationship between Insurance Service Quality and customer satisfaction. The model suggests six dimensions service quality including: Tangibles, Competence, Corporate image, Technology, Personalized financial planning and Assurance.

In this Service Quality Dimension as a part of improvement the researcher included the Ethics also as one of the Dimensions which plays a vital role in the view of customer perspective because in India LIC is oldest and almost acted as monopoly till 1992 before introduction of Liberalization, Privatization and globalization and Still today in India LIC as a major share and more number of customers than any other insurance companies in India.

SERVQUAL Model in different Service Sectors

SERVICE QUALITY DIMENSIONS ACCORDING TO USAGE

Authors	Application Areas	Service Quality Dimensions
Parasuraman, Zenithal and Berry (1985)	Telephone,brokerage,banks and repair and maintenance	Reliability
		Responsiveness
		Assurance
		Empathy
		Tangibility
Lehtinen (1991)	Restaurants,Hotels,Pubs,Food Junctions	Corporate Quality
		Physical Quality
		Interactive
		Process
		Output
Rosen and Karwan (1994)	Health care, Teaching	Reliability
		Responsiveness
		Assurance
		Knowing the customers
		Tangibility
		Access
Siu and Cheung (2001)	Retail Stores, Departmental Stores/Chains	Personal Interaction
		Policy
		Problem Solving
		Physical Appearance
		Promises
		Problem Solving
		Convenience
Mehta and Lobo (2002)	Life Insurance	Tangibles
		Competence
		Corporate image
		Technology
		Personalized financial Planning
		Assurance

A review of literature revealed that the earlier studies on measurement of customer perceived service quality were very few for the insurance sector, more so in the Indian context. The topic therefore needs to be investigated.

DATA ANALYSIS AND INTERPRETATION

DEMOGRAPHIC CHARACTERISTICS

1.1 Classification of Gender

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	124	82.67	82.67	82.67
	Female	26	17.33	17.33	100
Total		151	100		

The Majority of Respondents are from Male (82.67%)

1.2 Marital Status

Marital Status---1-Single;2-Married					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	17	11.33	11.33	11.33
	2	133	88.67	88.67	100.00
Total		151	100.00		

The Majority of Respondents are Married (88.67%)

1.3 Education Qualification of respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid					
	Diploma	1	0.67	0.67	0.67
	Engineers	31	20.67	20.67	21.33
	Matric	9	6.00	6.00	27.33
	PG	30	20.00	20.00	47.33
	Professional	7	4.67	4.67	52.00
	Senior Secondary	10	6.67	6.67	58.67
	UG	62	41.33	41.33	100.00
	Total	150	100	100	

Majority of the (62%) of respondents have obtained UG in various disciplines including engineering. There are no respondents from people who have not crossed primary education.

1.4 Income Distribution of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	100000	4	2.67	2.67	2.67
	150000	5	3.33	3.33	6.00
	200000	34	22.67	22.67	28.67
	250000	10	6.67	6.67	35.33
	260000	1	0.67	0.67	36.00
	300000	26	17.33	17.33	53.33
	350000	7	4.67	4.67	58.00
	360000	1	0.67	0.67	58.67
	400000	26	17.33	17.33	76.00
	450000	7	4.67	4.67	80.67
	500000	20	13.33	13.33	94.00
	600000	6	4.00	4.00	98.00
	700000	2	1.33	1.33	99.33
	750000	1	0.67	0.67	100.00
Total		150	100.00	100.00	

The Income distribution of respondents indicate clustering at 2L,3L,4L and 5L. This is in tune with the real time human resources policies of organizations who try to have salary points rather than to have diffused wage structure. This is one of the key findings that indicates that there exists salary points and marketing mix need to address there salary points.

1.6 Age and Income Characteristics of the respondents

		Age	Income
	Valid	150	150
Mean		39.54	337466.67
Median		40	300000
Mode		40	200000
Std. Deviation		6.804	135350.337
Variance		46.29	18320000000
Sum		5931	50620000
Percentiles	25	34.75	200000
	50	40	300000
	75	44	400000

The average age of the respondents is 39.54 with 50% of respondents below 40 years indicated by median value. The average income per annum is Rs.3.37 Lakhs with median Income is Rs.3 Lakhs. The standard deviation of age and income respondents approximate to that of Census details of Chennai city of employable population (census.com)

1.7 No. of Policies of LIC taken by respondents

Insured With LIC					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid					
	LIC	150	100.0	100.0	100.0
	Total	150	100.0	100.0	

All respondents have invested in LIC.

1.8 Number of Policies taken by respondents

No.of Policies					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	135	90	90	90
	2	7	4.7	4.7	94.7
	3	4	2.7	2.7	97.3
	4	3	2.0	2.0	99.3
	5	1	0.7	0.7	100.0
Total		150	100		

Respondents generally have atleast one policy and some have more than one. However this trend indicates that they consider one policy and do not go for multiple policies based on need. As the need evolves the multiple policies have to be sold to the consumers.

1.9 Frequency in Payments

Frequency					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid					
	Yearly	45	30	30	30
	Half-Yearly	17	11.3	11.3	41.3
	Half-Yearly and Yearly	37	24.7	24.7	66.0
	Monthly	2	1.3	1.3	67.3
	Quaterly	31	20.7	20.7	88.0
	Q/H/Y/M	1	0.7	0.7	88.7
	Q/Y	17	11.3	11.3	100.0
	Total	150	100	100	

The Majority of respondents are either using Quarterly/ Half-yearly for making payments to their policies.

1.10 Mode of Payment

Mode of payment					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid					
	CASH	21	14.0	14.0	14.0
	CASH/NET	1	0.7	0.7	14.7
	CHEQUE	16	10.7	10.7	25.3
	USING NET BANKING	112	74.7	74.7	100.0
	Total	150	100	100	

The Majority of the respondents are using NET BANKING Facilities to pay the premium

1.11 Satisfaction Level in LIC

Satisfaction Level in LIC					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	6	4	4	4
	2	14	9.3	9.3	13.3
	3	28	18.7	18.7	32
	4	68	45.3	45.3	77.3
	5	34	22.7	22.7	100
	Total	150	100.0	100	
Total		150	100		

Satisfaction of consumer indicates majority (68%) are satisfied and delighted with the services of Life Insurance corporation of India. This creates a strong economic moat for Life Insurance corporation of India which is difficult for the private organization to break.

1.12 Satisfaction Level in Private Insurance Companies

Satisfaction Level in private Insurance Companies					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1	0.7	0.7	0.7
	2	7	4.7	4.7	5.3
	3	26	17.3	17.3	22.7
	Total	34	22.7	22.7	45.3
Missing	System	116	77.3		
Total		150	100		

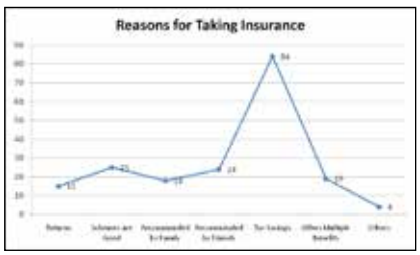
The Majority of Respondents (17.3%) is partly agree and Partly Disagree with satisfaction level in Private Insurance Companies.

1.13 Income Invested in Insurance Policies



37% of respondents invested in 21%-40% of their income in insurance indicating popularity of insurance as a tool of savings.

1.14 Reasons for taking Insurance



Generally it is believed that insurance is a risk mitigating and investment tool. However tax benefits appear to be most important factor while considering Insurance.

Findings

1. All the respondents are crossed primary education and maximum know about the term insurance and their importance.
2. Tax benefits appear to be most important factor while considering Insurance.
3. 37% of respondents invested in 21%-40% of their income in insurance indicating popularity of insurance as a tool of savings.
4. Satisfaction level in LIC when compared to private insurance companies LIC is far better and it holds strong market and they delighted customers with their level of services.
5. This creates a strong economic moat for Life Insurance corporation of India which is difficult for the private organization to break.
6. While analyzing the Income distribution data one of the key findings evolved that indicates that there exists salary points and marketing mix need to address there salary points.
7. The Majority of respondents are paying through Net Banking this indicates the popularity of Net banking and changing habit of people from giving cheque to RTGS.

Suggestions

1. Respond to customer call and hear their grievances to capture the market.
2. Have a Clear defined Customer Quality.
3. Anticipate the need of client in advance and before they approach give them what they want.
4. Honour promises don't make false statements.
5. Treat every customer like a completely precious individual.
6. Make employee to take personal responsibility of each customer.
7. Precise and clear in all communications.
8. Inform latest development through Mail correspondence.
9. Wish them during their Birthday and Wedding Anniversary they are like your family member.
10. Be Friendly and approachable.
11. Encourage Face to Face Dealings

Conclusion

Customers today have more options and very well aware of the Insurance Industries than few years ago, Consumers are undoubtedly becoming more comfortable nowadays thanks to latest technological development and right to information act and comparative statements between policies provided by the companies. From the above study it is very clear that Service quality provided by LIC is delighted with in the customers and still they hold the market even after Increase in FDI CAP from 26% to 49%, Liberalization, Globalization and Privatizations of Insurance sectors. Ethical value of LIC when compared to other Private Insurance companies LIC is very much ethical because of their attitude and caring nature.

Therefore Private Insurance companies will have fight hard to capture the Indian market and prove that they are equal or more than equal to LIC by serving them better and good caring nature.

REFERENCES

1. Walker, J. & Baker, J. (2000). An exploratory study of a multi-expectation framework for services. Journal of Services Marketing, 14 (5), 411-431. 2. Anonymous. (2004). Seizing the initiative. Life Insurance International, April, 11-12. 3. Gronroos, C. (1984). A service-oriented approach to marketing of services. European Journal of Marketing, 12 (8), 588-601. 4. Crosby, L. A. & Stephens, N. (1987). Effects of relationship marketing on satisfaction, retention, and prices in the life insurance industry. Journal of Marketing Research, 24(November), 404-411. 5. Berry, L. L. (1995). Relationship marketing of services–growing interest, emerging perspectives. Journal of the Academy of Marketing Science, 23 (Fall), 236-245. 6. Toran, D. (1993). Quality service (quality everything!). LIMRA'S Market Facts, 12 (2), 10-11. 7. Parasuraman, A. & Zeithaml, V. A. & Berry, L. L. (1985). A Conceptual Model of ServiceQuality and Its Implications for Future Research. Journal of Marketing, 49(4), 41-50 8. Parasuraman, A., Berry, L. L. & Zeithaml, V. A. (1991). Refinement and reassessment of the SERVQUAL scale. Journal of Retailing, 67(4), 420-450. 9. Parasuraman, A., Zeithaml, V. A. & Berry, L. L. (1988). SERVQUAL: A Multi-Item Scale for Measuring Consumer Perceptions of Service Quality. Journal of Retailing, 64 (Spring),21-40. 10. Parasuraman, A., Zeithaml, V. A. & Berry, L. L. (1994). Alternatives Scales for Measuring Service Quality: A Comparative Assessment Based on Psychometric and Diagnostic Criteria.Journal of Retailing, 70(3), 201-230. 11. L. Drew Rosen, Kirk R. Karwan, (1994) "Prioritizing the Dimensions of Service Quality: An Empirical Investigation and Strategic Assessment", International Journal of Service Industry Management, Vol. 5 Iss: 4, pp.39 – 52. 12. Noel Y.M. Siu, Jeff Tak-Hing Cheung, (2001) "A measure of retail service quality", Marketing Intelligence & Planning, Vol. 19 Iss: 2, pp.88 – 96 13. Lehtinen, U., & Lehtinen, J. R. (1991). Two approaches to service quality dimensions. Service industries Journal, 11(30), 287-303. 14. Mehta, S. C. & Lobo, A. (2002). MSS, MSA and zone of tolerance as measures of service quality: A Study of the Life Insurance Industry. Second International Services Marketing Conference, University of Queensland. 15. Friedman , S. (2001b). RIMS launches quality process. National Underwriter, 105(19), 3-29. 16. Friedman, S. (2001a). RIMS plans to have third quality scorecard published in 2002. National Underwriter,105(18), 3-22. 17. Wells, B. P. & Stafford, M. R. (1995). Service quality in the insurance industry: Consumer perceptions versus regulatory perceptions. Journal of Insurance Regulation, 13, 462-477. 18. Johnson, R. L., Tsiros, M. & Lancioni, R. A. (1995). Masuring Service quality: A Systems approach. Journal of Services Marketing, 9 (5), 6-19. 19. Richard, M. D. & Allaway, A. W. (1993). Service Quality Atrributes and Choice Behaviour. Journal of Services Marketing, 7(10), 59-68. 20. Clow, K. F. & Vorhies, D. W. (1993). Building a Competitive Advantage for Service Firms. Journal of Services Marketing, 7(1), 22-32. 21. Pointek, S. (1992). Outside interests: making the move from lip service to real service. National Underwriter, 96 (44), 34. 22. King, C. (1992). Agents/policy owners split on service. National Underwriter, 41(October), 7.