



Customer Satisfaction and Perception of Life Insurance Agents

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ABSTRACT

For large part of society, the concept of insurance is related to the uncertainty in the life. Uncertainty has been the integral part of everyone's life, be in terms of money, or life. Throughout the tenure of life every other individual's effort is directed towards avoiding this uncertainty. The story of insurance is probably as old as the story of mankind. The Life Insurance in its modern form came to India from England and changed according to the government Policies such as Nationalization and Disinvestment.

The Opening up of Insurance Sector started healthy competition amongst the Insurance Providers thus changing the professional approach. Innovative products, smart marketing and aggressive distribution have enabled fledgling private insurance companies. The Study conducted for understanding the current status in the emerging cities of Maharashtra State, Jalgaon and Akola.

Keywords : Life Insurance, Customer Satisfaction, Services.

Introduction

Insurance involves a contractual agreement in which the insurer agrees to provide financial protection against a specified set of risks. Life insurance is different from other insurance in the sense that the subject matter of insurance is life of human being. The insurer will pay the fixed amount of insurance at the death or at the expiry of certain period. At present, life insurance enjoys maximum scope because each and every person requires the insurance; it provides protection to the family at the premature death or gives adequate amount at the old age when earnings capacities are reduced. As insurance evolved over the years, insurance companies have come up to transact insurance business, which have developed expertise in assessing the risk (exposure to loss) of an individual.

Research Methodology

For the study questionnaire method was used. Sample size of 100 insurance agents was randomly selected from Jalgaon and Akola city. The data was collected through personal contacts the agents selected for this study from life insurance Corporation of India and other five private players Bajaj Allianz Life Insurance Company Limited, Birla Sun Life Insurance Company Limited, Max New York Life Insurance Limited, SBI Life Insurance Company Limited, and Reliance Life Insurance Company Limited. Both Primary and secondary data are used. The research work has been aligned with graphical and tabular presentations wherever required.

Objectives of the study

- An efficient customer relationship management

system, which would eventually create sustainable competitive advantages and build a long-lasting relationship.

Researcher studied the relationship amongst the various elements in the distribution channel as the services offered by the company through the insurance advisor/agent directly related to the degree of satisfaction of customer. The factors which ultimately build a long lasting customer relationship have been studied.

- Changing scenario in the demand of the life insurance products.

Researcher analyzed the effect of new entrants after year 2000 from the private sector in life insurance sector and studied the change in the economic system and its impact on the insurance sector. The new techniques used by companies for introduction of new products.

Life Insurance Industry

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 2000-01 when the industry was opened to the private players the premium collected was Rs.34,898.48 crore which increased by 760.65% to Rs.2,65,450 crore in 2009-2010. The insurance penetration was 2.32 per cent (Life 1.77 per cent and Non life 0.55 per cent) in the year 2000 when the sector was opened up for private sector. It had increased to 5.20 per cent in 2009 (Life: 4.60 per cent and Nonlife: 0.6 per cent).

The real growth in premium during calendar year 2009 show India witnessed 10.1% growth when compared with industrialized countries as -2.8%, Emerging markets 4.2% ,Asia 1.8%, World -2.05% over the previous year 2008.Overall the industry witnessed a 4.52 per cent increase (0.10 per cent in 2008-09) in the number of new policies issued.

Table 1: New Policies Issued: Life Insurers (in lakh)

Insurer	2007-08	2008-09	2009-10
LIC	376.13 (-1.61)	359.13 (-4.52)	388.63 (8.21)
Private Sector	132.62(67.40)	150.11(13.19)	143.62 (-4.32)
Total	508.74(10.23)	509.24 (0.10)	532.25 (4.52)

Note: Figure in brackets indicates growth over previous year (in per cent).
Source: IRDAAnnual Report 2008-2009, 2009-10.

Insurance Agents

The insurance agents play a vital role in pursuing the people to go for insurance. They also provide advice in relation of products which may prove customer profitable as well as will cover greater coverage of life. Only on their advice the prospective customers choose the products beneficial to them and hence the role of Agent is important. The study has been carried out with the main objective of Customer Satisfaction and the agents' feedback.

- The Various Constraints involved: Difficulties faced during selling the Product
- Retention of Customers: Difficulties faced after purchase of product by the Customer and efforts made

Customer Satisfaction and Constraints:

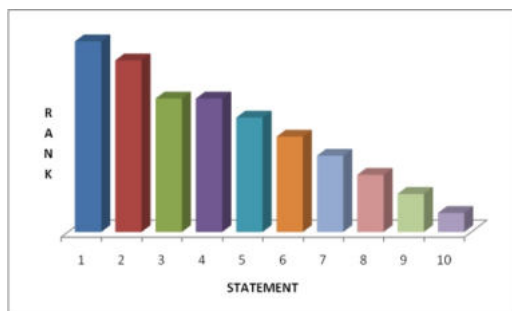
Changes in the Policy environment in the Nineties may likely have changed the Constraints to good performance and growth could possibly have changed was the base. The customer satisfaction is most important parameter responsible for Products innovation or changes. There are number of causes for the constraints observed in the recent period. To have the views on this aspect the Agents were asked to give their opinion on the constraints observed. Following are the responses observed.

Table 2: Constraints and Life Insurance Industry

Statements	SA	A	N	D	SD	WMA	Rank
Inability of Customers to identify their own Risks	80	14	06	00	00	11.86	1
Continuing price controls	74	19	03	04	00	11.58	2
Lack of resources in general	65	30	05	00	00	11.51	3
Providing the Services designed within the frame developed by IRDA	70	20	10	00	00	11.51	3
Quality of Management	55	35	10	00	00	11.13	5
Lack of resources to modernize	55	30	05	10	00	10.76	6
Internal procedures and processes	45	25	27	03	00	10.31	7
Government policies /controls	50	20	15	07	08	9.93	8
Availability of highly skilled managers and technicians	15	15	10	27	33	6.30	9
Corruption within the organization	05	05	20	30	40	5.13	10

The relationship between the statements and the Rank calculated and has been shown graphically.

Figure 1: Comparison of statements and Rank on Customer Satisfaction and Constraints



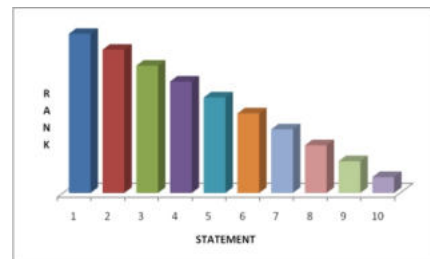
Life Insurance Products and Customer Satisfaction

The change in the life insurance has promoted number of new products, restructuring of existing products for satisfying the demand and also introducing hybrid products. The degree of satisfaction has also been changed; whether really the Customers are Satisfied has been Checked and a question, Does Product Categorization helps in creating Demand for Products amongst the Customers the following observations are tabulated during the study.

Table 3: Product Categorization and Life Insurance Industry

Statements	SA	A	N	D	SD	WMA	Rank
The entry of new companies increased spreading up of life insurance amongst all segments of the society	87	13	00	00	00	12.26	1
Difference in the Premium for similar Products is directly related to dissatisfaction amongst the Customers	80	10	10	00	00	11.84	2
Changes in the Economic Scenario leads to designing new Products	73	11	11	05	00	11.38	3
The Products Cover Extensive Risk according to Customer requirement	60	10	20	07	03	10.50	4
Changes in the Lifestyle (Risks) requires Designing of New Products	50	25	11	14	00	10.35	5
Increased awareness amongst the Customers resulting in changing the Product Mix	42	28	15	10	05	9.87	6
Performance of ULIP had a negative impact in Promoting the Other Products	40	17	28	07	08	9.42	7
Customers are Satisfied with Products currently available	40	10	20	23	07	8.89	8
Customers' preference to the Products are due to his/her Interest	32	18	17	21	12	8.49	9
All Companies Should Charge the same amount of Premium for the Similar Product	30	08	07	20	35	7.00	10

Figure 2: Comparison of statements and Rank on Life Insurance Products and Customer Satisfaction



Findings

The study included the customers demand and satisfaction analysis through understanding the input variables such as products offered and the services provided. The expectation of the customers from organization and its fulfillment through the policies sold through an agent is an important criterion of study undertaken, as the influence of agent is the key factor in of marketing the insurance policies. The agents of insurance companies are the medium to understand the products in better way by the customer while for the companies they provide a database about the dynamic behavior of the market.

The service mix includes presale and post sale services and here the role of Insurance advisor who provides product features to the probable customer, comparison with other products and companies and advice for purchasing a specific product comes into picture. These services the agents are even required to give the Customer who already have Purchased a Product as it creates satisfaction amongst the purchaser that the Agent is in touch with them. The Post sale service includes services such as Reminders of due Payments, Premium collection, loan if required, transfer of Policy, settlement of claims, etc.

In selling the Life Insurance Products the Customer satisfaction is not only related to the selling of new product but retaining the Customer to create new Business Opportunities. Innovative products, smart marketing and aggressive distribution have enabled fledgling private insurance companies and number of options available to the customer, agents plays a decisive role for selection of insurance policy by an individual.

The decision of the Customers in Purchasing a Product not only depends upon the Brand name, by the Products that the Company offers to them but also on the Services provided.

Conclusion:

Companies cannot survive today by simply doing good job. They must do an excellent job if they need to succeed in

markets. Consumer face an abundance of choices in seeking to satisfy their needs and thus it is essential that the excellence in quality of Product and Services is to be rendered by the Companies. The Agent or Advisor is the key person in the distribution channel for selling the Insurance product and maintaining harmony amongst all others factors involved in the distribution channel.

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