



Factors Affecting Customer Satisfaction in General Insurance With Respect To Vehicle Insurance: A Study of Surat City

KEYWORDS

Customer satisfaction, General insurance, Vehicle insurance

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ABSTRACT This study has tried to find out the factors which affect the customer satisfaction of general insurance companies. Total 400 respondents have been taken by applying non-probability convenience sampling method. The findings of the factor analysis shows that six factors namely 'attention to customer's need', 'administrative service', 'employee service', 'convenient service', 'physical features' and 'facilities' have lead to customer satisfaction in general insurance companies in Surat city. From the findings, it can be concluded that policy holders of general insurance companies are satisfied with services of companies.

INTRODUCTION

Insurance is a form of risk management primarily used to hedge against the risk of a contingent, uncertain loss. Insurance is defined as the equitable transfer of the risk of a loss, from one entity to another, in exchange for payment. The insurance rate is a factor used to determine the amount to be charged for a certain amount of insurance called the premium. Customer satisfaction is a measure of how products and services supplied by company meet or surpass customer's expectation. Customer satisfaction is dependent on congruence of expectations and performance of the product or service. It is believed that the customers compares the product/service performance with what he/she was actually expecting and if the performance matches the expectations, the customer is satisfied, if it falls short of expectations, the customer is dissatisfied and if it surpass the expectations, the customer is delighted.

LITERATURE REVIEW

Borah (2012) has made an attempt to analyze the satisfaction level of customers of private sector insurance company and also tried found out that which factor has maximum impact on customer's satisfaction. This research explicitly indicated that Tangible, Accessibility and Understanding factor have the maximum impact on customer satisfaction. **Upadhyay (2013)** has examined the protection of policy holders and measured the satisfaction level in insurance sector. From the study, it can be concluded that insurance sector in India is growing with rising competition. **Chavan and Ahmed (2013)** have made an endeavour to explore the major factors that lead to customer satisfaction in retail banking in Western Maharashtra in India. The study has endowed insights and implications for bank management, thus enabling them to develop strategies to improve customer satisfaction and consequently, retention rates. **Faulkner and Bowman (1997)** in his paper, they examined that perceived value is equal to satisfaction level of customer. They have given the opinion that it is responsibility of intermediaries to give knowledge about products to the customers.

SCOPE AND OBJECTIVE OF STUDY

The study is specific only to public sector and private sector general insurance companies in Surat city in Gujarat. The main objective is to identify the major factors for cus-

tomers satisfaction in general insurance with respect to vehicle insurance.

HYPOTHESIS

H₀: There are no factors affecting customer satisfaction in general insurance.

H₁: There are factors affecting customer satisfaction in general insurance.

RESEARCH METHODOLOGY

In this study the researcher has used research design which is descriptive in nature. A survey was conducted amongst policy holders of general insurance companies within Surat city. Primary data has been collected by framing structured questionnaire. 400 respondents have been taken by considering non-probability convenience sampling method. To analyse the data, different statistical tools like frequency distribution, charts and factor analysis have been used. The data regarding demographic factors, attitude and satisfaction of policy holders are analysed.

LIMITATIONS

1. The study is limited to 400 respondents of selected general insurance companies of Surat city.
2. It may be possible there was biasness in the responses given by respondents, which ultimately constrains the result of study.

DATA ANALYSIS

1. Demographic profile of respondents

Table: 1 Demographic profile of respondents

Demographic factors		No. of respondents	
F		%	
Gender	Male	297	74
	Female	103	26
Age	≤ 24	105	26
	25-34	147	37
	35-44	92	23
	≥45	56	14
Marital status	Married	271	68
	Unmarried	129	32

Educational qualification	Under graduate	103	26
	Graduate	168	42
	Post graduates	83	21
	Professional	46	11
Annual income	Below Rs.1,50,000	183	46
	Rs.1,50,001 to Rs.3,00,000	140	35
	Rs.3,00,001 to Rs.4,50,000	52	13
	Above Rs.4,50,001	25	06
Occupation	Student	79	20
	Service	168	42
	Professional	46	11
	Business	107	27

There were two main reasons to analyse the demographic features of the respondents of the research. First to clear a profile of general insurance customers and second to analyze customer satisfaction based on demographic characteristics. Demographic profile includes gender, age, marital status, education, occupation and income level. Table 1 indicates the demographic profile of respondents that out of 400 respondents 297 respondents were male whereas 103 respondents were female. 42% of respondents were graduate whereas 26% of respondents were under graduate. Majority of respondents concerned with service and business. 168 respondents were concerned with the service and 107 respondents were concerned with the business activity. It was also found that majority of the respondents (37%) are in the age group of 25–34 years. Majority of respondents (183) have annual income below Rs.150000 followed by 140 respondents who have annual income between Rs150001 to Rs.300000. Data says that 271(68%) respondents were married.

Overall customer satisfaction

Table: 2 Overall service quality of the company

Particulars	Highly dissatisfied	Dissatisfied	Neutral	Satisfied	Highly satisfied	Total
No. of respondents	33	56	47	170	94	400

Table 2 represents that majority of respondents (66%) were satisfied with the service provided by vehicle insurance companies.

Factor analysis

Table: 3 KMO and Bartlett’s Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.956	
Bartlett’s Test of Sphericity	Approx Chi-square	13393.499
	Df	903
	Sig.	.000

The KMO measure of sampling adequacy is 0.956 which indicates that the present data are suitable for factor analysis. Similarly, Bartlett’s test of sphericity is significant (p<0.001) which indicates sufficient correlation exists between the 21 attributes to proceed with the factor analysis.

Table: 4 Total variance explained

Components	Rotation Sums of Squared Loadings		
	Eigen values	% variance	Cumulative %
1	21.321	49.583	49.583
2	1.441	3.352	52.935
3	1.326	3.085	56.019
4	1.216	2.829	58.848
5	1.138	2.647	61.495
6	1.036	2.410	63.905

The total variance explained by principal components is displayed in Table 4. Hence, the first six components (factors) in the initial solution have an Eigen values over 1 and they account for about 63.905 percent of the observed variation. According to Kaiser Criterion, only the first six factors should be used because subsequent Eigen values are all less than 1. Factor loadings are used to measure correlation between attributes and the factors. A loading close to 1 indicates a strong correlation between attributes and the factor, while a loading closer to zero indicates weak correlation.

Table: 5 Loading of attributes into factors

Attributes	Factors					
	1	2	3	4	5	6
Handling of problems	.721					
Claim settlement	.694					
Advertisement given	.605					
Time for proceedings	.597					
Cleanliness in office		.571				
Prompt services provided		.554				
Administration		.547				
Delivery of documents		.509				
Overall outside appearance			.618			
Interior design of office			.565			
Behaviour of staff of company			.514			
Working hours of company			.506			
Neat appearance of staff				.765		
Innovative pamphlets provided				.560		
Space for queues in office				.551		
Spaciousness in office					.703	
Seating arrangement in office					.665	
Modern furniture of office					.594	
Drinking water facility						.756
Ventilation facility of company						.752
Illumination facility						.579

Table 5 presents the highest loadings (after rotation) of attributes into factors. The factors are rotated with the used of varimax with Kaiser Normalization rotation method. Principal Component Analysis (PCA) method has been used for factor extraction. Only those factors have been taken into consideration for interpretation which are having loading value greater than 0.5. According to the loading of attributes on the six factors, they have been labelled as in Table 6.

Table: 6 Labelling of factors

Attention to customer’s need	Administrative services	Employees services	Convenient services	Physical features	Facilities
Handling of problems	Cleanliness in office	Overall outside appearance	Neat appearance of staff	Spaciousness in office	Drinking water facility

Claim settlement	Prompt services provided	Interior design of office	Innovative pamphlets provided	Seating arrangement in office	Ventilation facility of company
Advertisement given	Administration	Behaviour of staff of company	Space for queues in office	Modern furniture of office	Illumination facility
Time for proceedings	Delivery of documents	Working hours of company			

Table: 7 Reliability analysis

Sr. No	Factors	Cronbach's alpha	No. of attributes loading into factors
1.	Attention to customer's need	0.946	4
2.	Administrative service	0.921	4
3.	Employee service	0.885	4
4.	Convenient service	0.803	3
5.	Physical features	0.804	3
6.	Facilities	0.819	3

Table 7 shows the value of Cronbach's alpha to test the reliability of the items loading into each factor. Cronbach's alpha for each factor is greater than the value of 0.8, indicates that the factors are consistent and reliable.

FINDINGS AND CONCLUSIONS

On the basis of the results and discussion present study concludes that customers of Surat city are satisfied with services of general insurance companies. Factor analysis has identified six factors i.e. 'attention to customer's need', 'administrative services', 'employees services', 'convenient services', 'physical features' and 'facilities'. The general insurance companies should focus to provide prompt services to customers. The company should try to keep promise to do the work accurately and timely, should solve customer's problem sincerely, should provide different kinds of service to satisfy the customer fully. In this competition era both the public and private sector companies have to concentrate on the customers' satisfaction to retain the existing customer and at the same time have to improve the quality of services day by day to attract new customers.

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