



## Customer Satisfaction on Products of Private Sector Insurance Companies - A Study with Reference to Kotak Mahindra Life Insurance Company Limited, Jorhat Branch

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### ABSTRACT

*The modern concept of marketing emphasizes on the satisfaction of customers. Marketing begins and end with the customers. Customers are the King in business. The study analysis the service quality perception of 50 customers in Jorhat, Assam chosen from Kotak Mahindra Life Insurance Company to access their satisfaction level and also identify service factors which have the maximum impact on customers' satisfaction. For choosing the sample, non-probabilistic judgment-cum-convenience sampling technique was used. The finding of the study shows that most of the customers are satisfied.*

**Keywords :** Relationship Marketing, Customers' Expectation, Satisfaction

### 1. Introduction:

Customer is the 'king' of any business whether it may be big, medium or small. Due to overgrowing competition, increase in consumer literacy level, awareness of customers about their rights, increase in standard of living are forcing insurance companies to review their service strategy. Rendering quality service is very much essential to satisfy and retain the customers. 'There are strong relationships between service quality improvement, customer satisfaction and economical success.' (sahel and Tooraj 2011).

Customer satisfaction, a term frequently used in marketing, is a measure of how products and services supplied by a company meet or surpass customer expectation. In a competitive market place where business competes for customers, Customer satisfaction is seen as a key differentiator and has become a key element of business strategy. Kotler (2004) defined customer satisfaction as 'a person's feeling of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his/her expectation'. He also said that "the key to customer retention is customer satisfaction."

Within organizations, customer satisfaction ratings can have powerful effects. They focus employees on the importance of fulfilling customers' expectations. Furthermore, when these ratings dip, they warn of problems that can affect sales and profitability. These metrics quantify an important dynamic. When a brand has loyal customers, it gains positive word-of-mouth marketing, which is both free and highly effective.

Therefore, it is essential for businesses to effectively manage customer satisfaction. Many institutions including Insurance companies spend a considerable portion of their time, energy and resources to keep their existing customers and enhance customer satisfaction. There are many factors such as friendly employees, courteous employees, knowledgeable employees, and helpful employees, accuracy of billing, billing timeliness, service quality, and prompt services etc. which affect customer satisfaction. Insurance in India goes back to the time of British. The first Life Insurance Company to operate in India is the Oriental Life Insurance Company. It was established in 1818 in Calcutta. But it was a British company. The first Indian Insurance Company, the Bombay Mutual Life Insurance society started its operation in 1871. In 1956 Indian Life Insurance industry was nationalized. Now India is ranked 9th among 156 countries in the life insurance business. During the year 2009, life insurance premium in India grew by 10.1% while the Global Life Insurance industry contracted by

2%. Since the opening up of the Insurance sector in 1999, 40 private companies have been granted license by 30th September, 2000 to conduct business in life insurance and general insurance. Of the 40, 22 are in the life insurance and 18 are General Insurance. The new concept of marketing emphasizes upon the satisfaction of the customers. This concept believes that marketing begins and end with the customer, as they are the 'king' of the market. It is an established fact that, a business undertaking or service sector industry can stand in the market only for the customers. Every business tries to earn profit through the satisfaction of customer needs. For this purpose the company provides quality services in a pleasant manner and tries to meet the customer expectations. Being as a service industry, Life Insurance industry also tries to fulfill the expectation of their customers. Moreover the process of measuring customer satisfaction and obtaining feedback on organizational performance are valuable tools for quality and continuous service improvement.

In this paper an attempt has been made to investigate the satisfaction level of customers of Kotak Mahindra Life insurance company and analyze the services offered by the Kotak Mahindra life insurance company to their customers.

### 2. Literature review:

Mittal and Kumar (2007) attempt to evaluate the customer preference in life insurance product. Data were collected from 150 customers of public and private sector insurance companies of Indore. Purposive sampling technique was used. The SPSS software was used for carrying out factor analysis to identify the factors towards selection of insurance product.

Vij and Ghosh Roy (2009) examined the perceived quality of eCRM services and also measured the impact of e-CRM services on level of customer satisfaction. Policyholders of five life insurance companies both from private and public sectors were selected. The data were obtained from 500 policyholders who had no previous experience related to e-CRM services. Data were analyzed by using the modified SERVQUAL instrument. The security was the most important determinate of perceived service quality.

Govind (2009) stated that customer service management is an important area of insurance industry. He observed that today's customer buy his ultimate satisfaction, not the product and it is essential to build trust and create confidence in buyer about the product bought by him. The author also feels that a company's corporate culture should be based on 6's C, i.e. communication, cooperation, cheerfulness, credibility, challenge and continuity

Bhave Ashis (2002) in his study revealed that to keep existing customer is costly than to win new ones. According to him the major attributes of customer satisfaction are product quality, product packaging, keeping delivery commitments, price, responsiveness and ability to resolve complaints and reject report, and overall communication, accessibility and attitude.

Yusuf et al.(2009) found that the attitudes of Nigerians towards Insurance institution and services was mostly negative because of their poor quality services rendered to the customers. Thorsten Hennig Thurau and Alexander Klee (1997) made a study on the impact of customer satisfaction and relationship quality on customer retention. The major finding was that the relationship quality and customer retention is influenced by intrapsychological, contextual and situational factors as well.

### 3. Rational of the study:

There was a time where customers were less critical and vocal if not satisfied when dealing with a business. This is not the case today. Today customers are becoming increasingly more demanding, less tolerant and very critical when not having their expectation met. There was a time that customer's satisfaction was not so important. Customers were purchased goods or services according to the choice of business owner. Today customers have lots of choice on where and who to deal with. As a result power has now shifted to the customers. If they feel, they are not satisfied they will simply go to another place to fulfill their expectation.

Measuring customer satisfaction is extremely important in every business, particularly service industry in order to maintain existing customers and to bring new customers. Now-a-days customers are the most valuable asset because happy and satisfied customers are like free advertising of the business. Customer satisfaction has been an intensively discussed subject in the areas of consumer and marketing research. In recent times, customer satisfaction has gained new attention within the context of the paradigm shift from transactional marketing to relationship marketing. In numerous publications, satisfaction has been treated as the necessary premise for the retention of customers, and therefore has moved to the forefront of relational marketing approaches. The importance of customers in service sector business is unquestionable, because the success of service sector business is mostly depending on customers, the future and the financial security of this business is in the hands of customers. Therefore, service sector industry like insurance industry give proper emphasis on customer satisfaction. Customer satisfaction has a positive effect on service sectors. The insurance industry becomes an integral part of Indian market, with insurance companies being significant institutional investors. This company affects money, capital markets and the real sectors in an economy, making insurance facility to ensure the completeness of a market. It is an industry with strategic importance for any country as it contributes to the financial sector as well as confers social benefits on the society. An insurance policy/ product protect the financial buyers against any financial loss arising from risks at some cost. It reduces the anxiety and Promotes financial stability to the clients. Moreover, to meet the various needs of various individual, the life insurance players have different types of product and services in their bouquet. Besides this, almost all companies offer the flexibility to customers to choose the most suitable products for themselves

### 4. Objectives of the paper:

The present study seeks to achieve the following objectives  
 4.1 To analyze the satisfaction level of customers of private sector insurance companies  
 4.2 To find out the service factors that has the maximum impact on customer satisfaction

### 5. Research Methodology:

#### 5.1 Research setting

The study was conducted in the Kotak Mahindra Life insurance company branch located at Jorhat town, a commercial

and educational town of upper Assam. For choosing the sample, non-probabilistic judgment-cum-convenience sampling technique was used.

### 5.2 Sampling Design

a) Universe of the study: For the purpose of the study, the universe consists of all the policyholders of Kotak Mahindra Life insurance company Ltd. of Jorhat Branch

b) Sample and sample unit: A total of 50 respondents have been selected purposively and respondents were asked to give decision by visiting the branch office located at Jorhat during the month of June,2012

c) Parameters of interest: The study examines the satisfaction level of customers of Kotak Mahindra Life Insurance Company Ltd. regarding the services offered this company.

### 5.3 Sources of Data:

The primary data on the parameters of interest from the selected sample has been collected with the help of a questionnaire framed keeping in view the objectives of the study. The questionnaire consisted of two parts, part I consisted of background details of the respondents and part II consisted of statements related to customer satisfaction. To supplement the primary data, the secondary information were collected from internet, Government agencies and various publication including Journal, Conference proceeding etc. 37 question or statements related to service quality dimensions were prepared and respondents were asked to rate each statement on the Likert scale of 1 to 5 ( 1=strongly disagree, 5= strongly agree). Some of the statements were worded negatively to reduce the risk of the respondents replying in affirmative during data collection. The statements were finalized after consulting relevant literature and after helpful discussion and interaction with expert such as manager, senior agents etc.

### 6. Analysis of data and findings

As mentioned above, the study is based on a sample of 50 customers. The demographic profile of sampled customers is shown in Table-1.

Table-1: Demographic Characteristics of sample customers (n=50)

Demographics	No. of Customers
Gender	
Male	26 (52)
female	24 (48)
Age (in years)	
20-30	12 (24)
31-40	20 (40)
41-50	15 (30)
Above 50	3 (6)
Education level	
10th standard	0 (0)
12th standard	9 (18)
Graduate	28 (56)
Post Graduate	10 (20)
professional	3 (6)
Marital status	
Single	8 (16)
Married	42(84)
Income level (in Rupees)	
Below 100000	2 (4)
100001-200000	13(26)
200001-300000	21(42)
Above 300000	14(28)
Occupation	
Service	12(24)
Business	16(32)
Profession	14(28)
Others	8(16)
Religion	
Hindu	20(40)
Muslim	10(20)
Sikh	11(22)
Others	9(18)

Source: Field survey (Figures in parentheses show percentages)

It is revealed from the table-1 that 52% of the respondents are male and 48% are female. Most of the respondents (i.e.

40%) are in the age group 31-40 years. Majority (56%) of the respondents are graduate followed by post graduate (20%), 12th standard (18%), professional (6%) and no respondents are 10th standard. Table-1 also illustrate that most of the surveyed respondents (84%) are married. It is also revealed from this table that as high as 42% Of the customers fall in the yearly income range of Rs 200001 to Rs 300000 and as low as 4% of the customers fall in the income range of below Rs 100000. As regards the occupation, 32% of the respondent's customers are businessman, 28% are professional, 24% are service holders and 16% are others occupation. Others occupation include here housewives, contractors, small artist etc. It is found that majority (40%) of the sampled respondents are belongs to Hindu religion followed by Sikh (22%), Muslim (20%), others (18%).

### Descriptive Statistic

**Table-2: Analysis of Mean and Standard Deviation**

STATEMENTS	Q.No	Mean	Std. Deviation
This company provide the services at the time they promise to do	1	2.70	1.055
Personnel of the company show sincere interest in solving the customers problems	2	2.44	1.296
Personnel of this company responds within promise timeframe	3	2.52	1.249
Personnel are not always willing to help	4	2.32	1.449
Personnel do not give prompt services	5	3.68	.913
Personnel do not always meet deadline for assignments	6	3.72	.882
Personnel's behavior instills confidence to customer	7	3.72	.757
Personnel have the required skills to perform their services	8	3.70	.839
Personnel have the required knowledge to answer any questions	9	3.84	.934
Personnel do not understand the specific need of customer	10	3.86	.969
Personnel do not give personal attention	11		
Personnel do not give personal attention		3.88	.872
Personnel do not show signs of recognition towards customer	12	4.00	.904
Personnel are well dressed and neat appearing	13	4.14	.700
Company have the modern equipments	14	4.26	.694
Keep paper work and records accurately	15	4.20	.808
Personnel are competence and expert	16	4.14	.808
Personnel of this company have a good problem solving skill	17	4.02	.742
Personnel are knowledgeable and have required skill to manage service properly	18	4.30	.789
This company have a good reputation in the market	19	3.66	.917
This company is believable and honest	20	3.66	.917
This company maintain secrecy of the customers	21	3.70	.863
Persons are available at all time to assist the customers	22	4.10	.735
Location of this company is easily accessible	23	4.02	.820
Office hours are convenient to all	24	4.20	.670
Openly communicate everything	25	3.98	.795
Explain clearly about the scheme	26	3.98	.622

Explain any hidden cost of the product freely	27	3.80	.756
Company is willing to know the specific need of the customer	28	3.98	.654
This company provides individualized attention to their customers	29	3.98	.589
This company has a basic understanding about the needs of the customers	30	4.08	.566
Price of the product is reasonable	31	3.84	.738
Price of the product is cheap than public insurance company	32	3.94	.793
Price of the products are not relate to quality	33	3.84	.889
This company provides multiple option of product	34	4.08	.752
This company provides unique services	35	4.10	.814
Offers other services like easy loan, east installment	36	4.16	.817
This company is offering good quality service	37	4.28	.573

Source: Field study (Note: the overall mean value is  $140.82/37=3.80$ )

The mean value of statement no.1, 2 and 3 is 2.70, 2.44 and 2.52. The overall mean value is 3.80. This shows that Kotak Mahindra Life insurance is not much good at Reliability factor.

The mean value of statement no 4, 5 and 6 is 2.32, 3.68 and 3.72. This statement was in negative worded. The overall mean value is 3.80. So, In the Responsiveness factor kotak Mahindra life insurance is much good.

The mean value of statement no. 7, 8 and 9 is 3.72, 3.70 and 3.84. Except statement no 9, (Personnel have the required knowledge to answer any question) the overall mean value is higher than the mean value of statement no7 and 8. This indicates that Kotak Mahindra Life Insurance Company is not good at assurance factor.

The mean value of statement no 10 (personnel don't understand the specific need of customer) is 3.86, statement no 11 (personnel don't give personal attention) is 3.88 and statement no 12 (personnel don't show signs of recognition towards customers) is 4.00. The overall mean value (i.e. 3.80) is less than the mean value of statement no 10, 11 and 12. But the statement was in negative worded, so it indicates that this company is not much good in Empathy factor.

The overall mean value (3.80) is less than the mean value of statement no 13 (personnel are well dressed and neat appearing), statement no 14 (company have the modern equipments) and statement no 15 (keep paper work and records accurately). This shows that this company is good in the terms of Tangible factors.

In case of competence factor also the company is good because the mean value of statement no 16, 17 and 18 is higher than the overall mean value.

The mean value of statement no 19 (This company have a good reputation in the market) (3.66), statement no 20 (this company is believable and honest) (3.66) and statement no 21 (This company maintain secrecy of the customer) (3.70) is much less than the overall mean value (3.80), it shows that Kotak Mahindra life insurance company is not much good at Credibility factor.

In case of Accessibility, Communication, Understanding, Price and Offering factors this company is good.

From this table it is revealed that Kotak Mahindra Life Insurance Company is good at Responsiveness, Assurance, Tangible, Competence, Accessibility, Communication, Under-

standing, Price and Offering factors. The overall performance factor (The Company is offering good quality services) is also good.

Table-3 Factor-wise differential level of customer satisfaction

factor	Combined % of SDA and DA	Combined % of SA and AG	Combined% of NT
1	2	3	4
Reliability	53.33	28.00	18.67
*Responsiveness	22.67	48.67	28.67
Assurance	2.67	62.67	34.67
*Empathy	4.67	75.33	23.33
Tangible	0	81.33	18.67
Competence	0	76.00	24.00
Credibility	8.67	56.00	35.33
Accessibility	1.33	80.00	18.67
Communication	2.67	74.67	29.33
Understanding	0	82.67	17.33
Price	2.67	66.00	31.33
Offering	1.33	76.67	22.00

(Average percentage of three statements= Combined p.c)

Source: Field survey \* =Negative worded statements

Note: SDA- stronglydisagree, DA- Disagree, NT- Neutral, AG- Agree, SA-Strongly Agree

From the table-3 it is found that, total percentage of strongly disagree and disagree is more than the total percentage of strongly agree and agree with the factor Reliability, it implies that customers are not satisfied with this factor.

In case of factor Responsiveness the combined percentage of SDA and DA is less than the combined percentage of SA and AG, it was negative worded statements, so with this factor also customers are dissatisfied.

It is also found that in the factor Assurance, Tangible, Competence, Credibility, Accessibility, Communication, Understanding, Price and Offering factor combined percentage SDA and DA is less than the combined percentage of SA and AG, so the customers are satisfied with this factor.

But in case of factor Empathy customers are not satisfied. It is also clear from the table that a considerable section of customers have indifferent (neither agree nor disagree) attitude with the different statements/factor, among the various factors, the highest percentage (35.33) of customers have indifferent attitude with the factor Credibility.

## 7. Findings

The study observed that, most of the Customers are satisfied with the services offered by Kotak Mahindra Life Insurance Company. The distribution of customers according to their individual perception with respect to different statements (Appendix-1) reveals the following

Statement	Factor	SDA	DA	NT	AG	SA	TOTAL
S-1	Reliability	4(8)	23(46)	9(18)	12(24)	2(4)	50
S-2		17(34)	10(20)	9(18)	12(24)	2(4)	50
S-3		14(28)	12(24)	10(20)	12(24)	2(4)	50
*S-4	Responsive ness	25(50)	5(10)	5(10)	-	15(30)	50
*S-5		2(4)	-	19(38)	20(40)	9(18)	50
*S-6		1(2)	1(2)	19(38)	19(38)	10(20)	50
S-7	Assurance	-	-	23(46)	18(36)	9(18)	50
S-8		2(4)	-	15(30)	27(54)	6(12)	50
S-9		2(4)	-	14(28)	22(44)	12(24)	50
*S-10	Empathy	2(4)	1(2)	12(24)	22(44)	13(26)	50
*S-11		2(4)	-	10(20)	28(56)	10(20)	50
*S-12		2(4)	-	8(16)	26(52)	14(28)	50

1. Out of 37 statements there are 8 statements against which more than 50% of the customers are dissatisfied. The statement under this group is s1, s2, s3, s5, s6, s10, s11, and s12 ( s5 s6 s10,s11,and s12 was in negative worded statement)
2. Out of 37 statements there are 9 statements against which more than 80% of the customers are satisfied. The statements are s13, s14, s18, s24, s26, s29, s30, s36, and s37.
3. In case of other statements against which more than 50% customers are satisfied. The statement under this group is s4 s7, s8, s9, s15, s16, s17, s19, s20, s21, s22, s23, s25, s27, s28, s31, s32, s33, s34, and s35.
4. A considerable section of customers preserve an indifferent attitude. Among the various statements, the highest percentage of customers is indifferent to the s7, personnel's behavior instills confidence to customer (46%) followed by s5, s6 and s21 (i.e. 38%). Moreover the percentage of sampled customers neither satisfied nor dissatisfied is 36% for statement no 33 (price of the product are not relate to quality).

## 8. Conclusion

On the basis of the results and discussion present study concludes that customers are satisfied with this company. This research explicitly indicates that Tangible, Accessibility and Understanding factor have the maximum impact on customer satisfaction. The company should try to keep promise to do the work timely, should show sincere interest in customers problem, should provide prompt service to satisfy the customer fully. In this competition era kotak Mahindra Life insurance Company 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.

## 9. Limitation of the study

9.1 The study was confined to the customers of Jorhat branch only, who was visited the branch during the time of my data collection, so the finding may not be generalized in a broader perspective.

9.2 Some of the respondents did not read the questionnaire carefully and as a result, they may have been marked some answer incorrectly.

9.3 This study is restricted to only one private sector insurance company. In making more generalize, reliable and significant conclusions, a study employing larger samples from all private sector insurance companies are needed.

S-13		-	-	9(18)	25(50)	16(32)	50
S-14	Tangible	-	-	7(14)	23(46)	20(40)	50
S-15		-	-	12(24)	16(32)	22(44)	50
S-16		-	-	13(26)	17(34)	20(40)	50
S-17	Competence	-	-	13(26)	23(46)	14(28)	50
S-18		-	-	10(20)	15(30)	25(50)	50
S-19		-	5(10)	17(34)	18(36)	10(20)	50
S-20	Credibility	-	5(10)	17(34)	18(36)	10(20)	50
S-21		-	3(6)	19(38)	18(36)	10(20)	50
S-22		-	-	11(22)	23(46)	16(32)	50
S-23	Accessibility	-	2(4)	10(20)	23(46)	15(30)	50
S-24		-	-	7(14)	26(52)	17(34)	50
S-25		-	2(4)	10(20)	25(50)	13(26)	50
S-26	Communication	-	-	10(20)	31(62)	9(18)	50
S-27		-	2(4)	14(28)	26(52)	8(16)	50
S-28		-	-	11(22)	29(58)	10(20)	50
S-29	Understanding	-	-	9(18)	33(66)	8(16)	50
S-30		-	-	6(12)	34(68)	10(20)	50
S-31		-	2(4)	12(24)	28(56)	8(16)	50
S-32	Price	-	-	17(34)	19(38)	14(28)	50
S-33		-	2(4)	18(36)	16(32)	14(28)	50
S-34		-	-	12(24)	22(44)	16(32)	50
S-35	Offering	-	-	14(28)	17(34)	19(38)	50
S-36		-	2(4)	7(14)	22(44)	19(38)	50
S-37	Overall perf.	-	-	3(6)	30(60)	17(34)	50
TOTAL		73(3.95)	75(4.05)	441(23.84)	795(42.97)	464(25.09)	1850

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