



## POLICYHOLDERS PERCEPTIONS AND EXPECTATIONS

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| <b>KEYWORDS</b>        |   |

### INTRODUCTION

Insurance Companies have been continuously taking innovative steps to live up to the ever-changing expectations of the insuring public. In future the perception of the insuring populace will change but will be organized as a multidimensional protection instrument.

Understanding the customer better will enable insurance companies to design appropriate products, determine price correctly and increase profitability selection of right type of distribution channel mix and bring out an effective CRM system, which would eventually create a sustainable competitive advantage and build a long-lasting, in semi-urban and rural areas where it offers a huge potential. Due to inducement of competition in the business environment, insurance industry has started moving out of a state of monopoly. A desirable state for the future should be oligopoly where a few strong players may be offering large number of schemes.

Indeed, the Life Insurance Company being a public sector organization is keen to show that they are no less efficient than private players. Insurance companies may be aware that its supremacy could get eroded by new comers unless adequate attempts are made to retain their customers. There will be an upsurge in awareness of policyholders, satisfaction of employees and policyholders and an increase in expectations that hopes and aspirations be delivered by the insurance industry. This will put an immense pressure on the insurance industry where in the industry will have to respond to it. The study focuses on policyholders expectation and perception of life insurance products and services offered by the LIC of India.

### SERVICE QUALITY

Service quality is based on multiple dimensions. In general, it has two service quality dimensions, the functional aspect and the technical aspect. The functional aspect concern "how" service is received by the policyholder as the outcome of the process in which the resources are used. However the policyholder also perceives how the process itself functions, i.e. the functional or process quality dimension. It is a function of the differences between expectation and performance along the quality dimension. Unlike goods quality, which can be easily measured objectively in terms of number of defects and durability, service quality is an elusive construct that may be difficult to measure. In this chapter an attempt is made to analyze the service quality stems from a comparison of the policyholders' expectations or desires from the Life Insurance Corporation with their perceptions of the actual service performance. The SPSS software program was used to perform statistical analysis of the data collected through the interview schedule specially designed for this study. The data analyzed was from 525 policyholders. In the present chapter it is attempted to examine the policyholders' expected and perceived levels of service quality and the consequent service quality gap. These discussions are made for all the sample policy holders, and for the policy holders classified into urban and rural. These analyses

are being carried out for the five broad dimensions and also for individual factors. The policyholders' perception and expectation levels regarding LIC products and services were measured on a nine point scale.

### POLICYHOLDERS' PERCEIVED LEVEL OF SERVICE QUALITY

The perceived level of service quality indicates the extent of policyholders' satisfaction as experienced by them on each of the five broad dimensions. The perceived level of service quality of all sample respondents in all dimensions is given in Table.

**TABLE PERCEIVED LEVEL OF SERVICE QUALITY IN ALL SAMPLES: ALL DIMENSIONS**

| Dimensions                      | Total Sample Size | Total Score | Average Score | Percentage |
|---------------------------------|-------------------|-------------|---------------|------------|
| Tangibility                     | 525               | 2115        | 4.03          | 16.65      |
| Competence                      | 525               | 2935        | 5.59          | 23.11      |
| Technology                      | 525               | 2610        | 4.97          | 20.55      |
| Personalized financial planning | 525               | 2240        | 4.27          | 17.64      |
| Assurance                       | 525               | 2800        | 5.33          | 22.05      |
| <b>Total</b>                    | -                 | -           | 24.19         | 100.00     |

Source: Primary Data.

It is observed from the table that the average total score of all dimensions stood at 24.19. A dimension wise analysis indicates that the highest among all dimensions was found in the case of Competence with 5.59. The next highest average could be seen in the case of Assurance with 5.53. This is being followed by dimension on Technology with a score of 4.97. The dimension on personalized financial planning took up the third position with a score of 4.27 and Tangibility stood last in its order with an average score of 4.03.

A percentage analysis on the average dimensions brings out the inference that the share of Competence took 23.11 per cent, followed by Assurance with a share of 22.05 per cent. The share of Technology constituted 20.55 per cent of the total, while the dimensions on personalized financial planning secured a percentage share of 17.64. The dimension on Tangibility (16.65 per cent) followed it.

The higher average value of Competence dimension indicates that the policyholders have relatively a higher satisfaction on this dimension. This implies that the policyholders are concerned more on how quick the services are being provided. This is actually expected because, in a situation of almost equal physical facilities available with all the insurance companies, it is only the reliable (quick) services provided and the cordial relationship maintained by the employees could help the insurance companies to satisfy the existing policyholders.

The next highest score is being obtained by Assurance. This indicates the convenient operating hours, the extent of personal attention provided by employees to their policyholders and understanding their specific needs were considered the second most important set of service quality factors by the policyholders.

The next in the order of highest score is the Technology dimension. In the process of service provision, high response is also equally an important factor that determines the satisfaction level of the policyholders. The factors of Technology like, 'Easy online transaction', 'Simple & Less time consuming procedure for purchasing a policy', 'Complaint handling should be prompt, online' and 'Proactive information through e-mail or SMS' have perceived by the policyholders as high.

The fourth most important dimension of service is Tangibility. That is, according to sample policyholders, the physical facilities available with the life insurance companies' are another satisfying factor though it has received relatively a lower importance.

Assured services like, 'trained and well-informed agents', 'approaching from customer's point of view', 'trust & Clarity in explaining policy's terms and conditions' and 'understanding intimately specific needs' provided have played important role in the policyholders Personalized financial planning in service provision.

## **CONCLUSION**

The analysis made on the basis of the five broad dimensions, provides the inference that the policyholders' perceived level of satisfaction are in the order of: Competence, Assurance, Technology, Personalized financial planning and Tangibility. From this order, it can be understood that, among the various dimensions the factors associated with the types of personal services provided the highest preference, while the physical factors determining the service provided constituted the least. This is because of the reason that almost in all the insurance companies, irrespective of the type of life insurance companies, the physical facilities available are almost the same and hence it is only the personal attention and prompt services provided would go a long way in satisfying the policyholders.