Exploring Service Quality dimensions in Life Insurance Industry and Effect of Demographics on Customers' Satisfaction

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Abstract

The service sector forms a backbone of social and economic development of a country. It has emerged as the largest and fastest-growing sectors in the world economy, making higher contributions to the global output and employment. In the services sector, the provision of high-quality customer service is of primary and vital importance. In fact, the companies in the service sector are under increasing pressure to exhibit that their services are customer-focussed and that continuous performance improvement is delivered. The companies in the service industry are realizing the significance of customer-related philosophies and are turning to quality management approaches to help managing their businesses. The present paper focuses on exploring service quality dimensions in life insurance industry and investigating the perception of the Service Quality across different consumer groups according to their demographic profile. 627 customers from five different life insurance companies were surveyed in three cities using structured questionnaire. Results showed responsiveness and assurance seemed to be important dimensions influencing the overall service quality product convenience followed by assurance are the important dimensions for influencing the customer satisfaction with the life Insurance companies. There is a significant difference in perception of all the dimensions of service quality except tangibles and empathy across different age groups. There is no relationship between the overall service quality perception and the consumers' gender. The respondents with different income profile had significant differences with regard to overall service quality perception. However, the two demographic variables, namely, profession and

marital status had no significant relationship with the overall service quality perception of the consumers and with degree of customer satisfaction.

INTRODUCTION

The services sector has been at the forefront of the rapid growth of the economies throughout the globe. Today the services sector accounts for 64% (2008) of the world's GDP (Central Intelligence Agency, The World Factbook, November 11 2009). The services sector is also assuming increasing importance in the Indian economy, almost all services sectors participated in this boom, however, the growth was fastest in communications, banking, hotels and restaurants, community services, trade and business services. The services sector in India accounts for more than half of India's GDP. According to data for the financial year 2007-2008, the share of services sector in India's GDP was 63 per cent (Web site of Indian Brand Equity Foundation, September 2009).

The services are not only significant, but are also predicted as the vision of the future. With the services sector emerging into the purview of both business and academia, and given the fact that the marketing of the services is different from goods marketing in a plentitude of ways, it is a truism that the services marketing literature has swelled enormously in recent years (Balasingh and Johnson, 2006). The service industries are playing an increasingly important role in the overall economy, and therefore, interest in the measurement of the service quality is understandably high (Cronin and Taylor, 1992), and the delivery of higher levels of service quality is the strategy that is increasingly being offered as a key to service providers' efforts to position themselves more effectively in the market place (Rudie and Wansley, 1985; Parasuraman, Zeithmal, and Berry, 1988; Brown and Swartz, 1989). The superior service quality measures increase a firms' overall profitability, its price premium, and its perceived and actual market share (Zeithmal et al., 1996). In the services sector, the provision of high-quality customer service is of fundamental and paramount importance. Given the financial and resource constraints under which service organizations must manage, it is essential that customer expectations are properly understood and measured and that, from the customers' perspective, any gaps in the service quality are identified (Shahin, 2005). Service quality has become an important research topic because of its apparent relationship to costs (Crosby, 1979), profitability (Buzzell & Gale, 1987; Zahorik & Rust, 1992; Rust & Zahorik, 1993), customer Satisfaction (Bolten & Drew 1991; Boulding et al., 1993), customer Retention (Reichheld & Sasser, 1990) and positive word of mouth. Service quality is widely regarded as the driver of the corporate marketing and the financial performance.

In the new millennium, the Indian insurance sector is passing through a phase of structural change under the combined impact of the financial sector reforms, internal competition, the changes in regulations and the global competitive pressures. In the life insurance industry, the products & the prices can be easily duplicated, thus, the services become the only differentiator that provide the competitive advantage in the long run (Chandrashekhran & Mathur, 2004). The life insurers are acknowledging the fact that unless the customer needs are taken into account in designing products & delivering services, the technical superiority will not bring success. Service quality has become a decisive perquisite for satisfying and retaining valued customers in the insurance sector.

The interest is largely driven by the realization that service quality results in customer satisfaction and loyalty with the product or service, greater willingness to recommend someone else, the reduction in complaints and the improved customer retention (Bitner, 1990; Danaher, 1997; Headley & Miller, 1993; Magi & Julander, 1996; Zeithaml et al., 1996). Another driving force to place more attention on service quality is the emergence of new breed of customers. Today's customers are better educated and their knowledge about insurance is increasing. These characteristics influence their buying behaviour and they are becoming more sophisticated, more discerning and have higher expectations. Undoubtedly, owing to the belief that the delivery of the high service quality is a must for attaining customer satisfaction and a number of other desirable behavioural outcomes, recent years have witnessed a flurry of research exploring assessment of service quality in service industries. Therefore, next section deals with the literature available for service quality measurements in insurance industry.

REVIEW OF LITERATURE

Tsoukatos and Rand (2007) conducted research on a sample of customers from Greek retail insurance and affirmed that culture and service quality are related. Twenty-three out of the twenty-five hypothesized relationships between the dimensions of culture and of service quality are confirmed while the remaining two are directionally supported. It is determined that the ranking of the service quality dimensions can be predicted on the basis of cultural profiles. More specifically, the importance of the five service quality dimensions is found exactly as hypothesized on the basis of respondents' cultural profile; Reliability, followed by Responsiveness and Assurance, equally ranked, then Empathy and finally, Tangibles.

Tsoukatos & Rand (2006) in their study investigated the path of service quality - customer satisfaction - loyalty at the level of constructs, drawing from

the Greek insurance industry. A confirmatory and exploratory factor analysis was used to determine the scale's dimensionality. Path analysis was utilized to examine the model linking the service quality, customer satisfaction and loyalty at the level of constructs' individual determinants. A total of 519 customers were included in the survey. In the results, the SERVQUAL's dimensionality was not confirmed. And non-tangibles, tangibles structure existed in Greek insurance. "Tangibles" did not affect the customer satisfaction and while the word of mouth is an antecedent of repurchasing intentions. Results also indicated that satisfaction does not directly influence the repurchasing intentions.

Durvasula et al., (2005) in their study probe the impact of relationship quality on value, satisfaction and behavioural intentions in the life insurance industry and to compare its predictive power relative to service quality. The scale items covered facets of service quality such as reliability, helpfulness, empathy, responsiveness and product knowledge. Relationship quality was also assessed using another custom developed multi-item scale including trust and confidence with the agent, follow-up by agent, agent's remembering of personal information and agent's plans for future policies. Results of study revealed that both relationship quality and service quality have statistically significant and equally strong relationship with satisfaction, value and behavioural outcomes. In addition, both relationship quality and service quality are important predictors of satisfaction, value and behavioural intentions.

Durvasula et al., (2005) in their paper makes a detailed comparison of two major financial services in Singapore: life insurance and stockbrokerage. Relationships of perceptions and expectations of service quality, mean service adequacy (MSA) and mean service superiority (MSS) with service satisfaction and loyalty are examined. Results indicate that the assurance aspect of service quality is strongly related to satisfaction and loyalty in the life insurance industry, while the reliability aspect of service quality enjoyed a similar status in the stockbrokerage industry. Results also confirmed that while MSA and MSS both drive satisfaction and loyalty, perceptions of actual service have the strongest correlations with those behavioural outcomes.

Gayathri et al., (2005) conducted pilot study on the service quality of insurance companies with the objectives to compare the service quality and its dimensions for insurance service providers in India and to study the relationship of customer satisfaction with the scores on the service quality dimensions in Indian context. The study has been conducted in the city of Mysore in Karnataka state. Multiple regression analysis results indicate that a strong relationship exists between the quality and service dimensions. The coefficients of regression equation

indicated that the satisfaction level of customers with the insurance companies is affected by assurance, empathy and reliability for the four insurance companies considered.

Reddy (2005) conducted a survey of 400 respondents in Bangalore city to know the consumer perception towards private life insurance companies' policies. Data was collected from respondents through structured questionnaire (over four month's period). The findings extracted from analysis showed that respondents feel that the policies offered by the private insurance companies are up to the customers' expectations and as for alternatives of private companies' policies for public insurance companies' majority of the respondents feel that very few policies are better alternatives for public insurance company.

Tsoukatos et al. (2004) in their paper diagnosed the service quality in the insurance industries of Greece and Kenya. GIQUAL, the SERVQUAL type instrument was developed for the measurement of service quality in the Greek insurance industry; it included 22 items from the revised SERVQUAL scale and 3 additional items to evaluate the effect of Product quality, Ambiguity of insurance contract terms and Delays in claims settlement on customers' perception of service quality. On the other hand for Kenyan insurance industry, the insurer's questionnaire comprised 43 statements relating to expectations of excellent insurers only, while the insured's questionnaire had 86 attributes in total. The result suggests that quality gaps that obtained in the insurance industries of Greece and Kenya are largely similar. The dimensions reliability and empathy are the most deficient and apparently the dimension tangibles least impacts service quality.

OBJECTIVES OF THE PAPER

The study has been conducted to achieve following objectives :
1. To study the consumers' perception towards the service quality of the selected life insurance companies.
2. To explore the key dimensions of service quality in the life insurance sector.
3. To analyse the effect of demographic profile on customers' perceived service quality and satisfaction.

HYPOTHESIS

The hypotheses formulated for the present study are as follows :-
H_1 :   Factors associated with the service quality are significant drivers of overall customer perceived service quality in the life insurance

industry.

H_2 : All seven service quality related dimensions have significant positive influence on the overall customer satisfaction.

H_3 : There is no significant relationship in the service quality perception of the customers and demographic variables (Age, Gender, Profession, Education and Income).

H_4 : There is no significant relationship between the degree of customer satisfaction and demographic variables (Age, Gender, Profession, Education and Income).

RESEARCH METHODOLOGY

For conducting the customer survey in first stage, cities were selected from Punjab. Punjab is a large state with a population of 24,289,296 (as per Census India, 2001); the two towns Amritsar and Ludhiana were selected from Punjab for conducting the present study. These towns were selected as they hold top 2 positions on the basis of population in Punjab.

Table 1

Population of Towns of Punjab

Sr. No.	Name of the Town	Population in Year 2001
1.	Ludhiana	13,95,053
2.	Amritsar	10,11,327

Source : Statistical Abstract of Punjab 2003 (Published by Government of Punjab)

On the other hand, Chandigarh is a small city with a population of 9,00,914 (as per Census India, 2001); therefore, whole Chandigarh has been covered for the study. The customers of the top five performing life insurance companies on the basis of the premium income in the financial year 2004-05 were selected for the study, i.e. Life Insurance Corporation of India, ICICI Prudential Life Insurance Co. Ltd., Bajaj Allianz Life Insurance Company Ltd., Birla Sun Life Insurance Company Ltd., HDFC Standard Life Insurance Company Ltd. The data was collected using "the personal contact" after approaching the respondents personally and explaining in detail about the survey objectives and purpose of the study. A total of 750 customers were approached (250 from each city), and 627 correctly completed questionnaires were obtained, thus, yielding response rate of about 83.6%.

DEVELOPING THE RESEARCH INSTRUMENT

A modified SERVQUAL type questionnaire relevant to the insurance industry was constructed. A questionnaire included 22-items from the original five dimensions (i.e. Reliability, Assurance, Tangibles, Empathy and Responsiveness) of the SERVQUAL instrument developed and updated by Parasuraman et al. (1994). In order to obtain an even more comprehensive and insurance industry-specific measure of the service quality construct, 19 additional items were added to the SERVQUAL scale. The additional items were derived by going through the review of the literature and particularly of the studies conducted in the insurance sector. Thus, in total 41 items were included under seven dimensions (i.e. Reliability, Assurance, Tangibles, Empathy, Responsiveness, Product Convenience and Product Availability) to measure the service quality. Apart from service quality scale, customer satisfaction was operationalised by four items. The respondents were asked to rate their level of satisfaction on the items on a five-point scale ranging from strongly disagree (1) to strongly agree (5). Pre-testing of the research instrument prepared for the present study was done on a sample of 100 respondents in order to identify and eliminate potential problems. All aspects of the questionnaire were tested, including difficulty in understanding the questions and instructions. Factor analysis was conducted to purify the research instrument. Before running the factor analysis on the collected data, it was examined whether the data was suitable for the factor analysis or not. This was done by analyzing the Kaiser-Meyer-Olkin measure of the sampling Adequacy (KMO) and the Bartlett's test of Sphericity. High values of KMO (close to 1.0) generally indicate that the factor analysis may be useful with the data. If the value is less than 0.50, the results of the factor analysis won't be very useful. Very small values (less than .05) of Bartlett's test of Sphericity indicate that there are probably significant relationships among variables. A value higher than about .10 or so may indicate that data are not suitable for factor analysis.

Table 2 and 3 shows that for the Bartlett's test of Sphericity was significant in the both Service Quality scale as well as in the Customer Satisfaction Scale and

Table 2

Service Quality Scale

Kaiser- Meyer-Olkin and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sample Adequacy		.800
Bartlett's Test of Sphericity	Approx. Chi-Square	1600.315
	Df	521
	Sig.	.000

Table 3

Customer Satisfaction Scale

Kaiser-Meyer-Olkin and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sample Adequacy		.754
Bartlett's Test of Sphericity	Approx. Chi-Square	84.783
	Df	6
	Sig.	.000

the KMO measure of the sample adequacy was well above 0.6, which showed that the use of factor analysis was appropriate.

The Principal component factor analysis with a varimax rotation was employed; the factor analysis generated nine factors that accounted for 77.865% of the total explained variance in overall quality. The resultant factor structure explained 77.865% and 64.818% of the variance in case of quality scale and satisfaction scale. However, for the present study, the researcher has taken the original five dimensions of the service quality given by Parasuraman et al. and to

Table 4

Factor Loading and Cronbach's Alpha- Service Quality Scale

Dimensions and its Variables	Factor Loading	Cronbach Alpha
RELIABILITY		**0.8059**
When company promises to do something by a certain time, it does so.	0.730	
Company performs the service right the first time.	0.801	
Company shows sincere interest in solving your problems.	0.596	
Company provides services within the specified contract limits.	0.715	
Company maintains high degree of confidentiality in dealing with the customers.	0.638	
ASSURANCE		**0.8616**
You feel safe with the transactions of the company.	0.725	
Employees and Agents of the company are polite and courteous.	0.756	
Employees and Agents have knowledge to answer customers.	0.585	
RESPONSIVENESS		**0.7911**
Employees inform customers exactly when the services will be performed.	0.745	
You receive prompt services from company.	0.500	

Contd.

Contd. Table 4

Employees are always willing to help customers.	0.501	
Employees and agents constantly communicate with customers especially in post-purchase phase.	0.669	
EMPATHY		**0.8671**
Company has convenient working hours.	0.534	
Employees and agents identify customer needs and provide products & services to meet these needs.	0.679	
Claimants are assured of best possible attention.	0.529	
Employees give customers individual attention.	0.509	
Company welcome complaints and criticisms from customers.	0.532	
Company has customers' best interest at heart.	0.682	
TANGIBLES		**0.7039**
Company's physical facilities are visually appealing.	0.557	
Insurance company's employees and agents appear neat.	0.851	
Company has a visually appealing signs, symbols and advertisement.	0.824	
The branch of a company is at convenient location.	0.853	
Company effectively uses the internet to transact business.	0.702	
PRODUCT AVAILIBILITY		**0.7279**
Company offers products and services of utmost quality.	0.621	
Company price their products and services competitively.	0.504	
Companies adequately differentiate their products and services.	0.691	
PRODUCT CONVENIENCE		**0.7775**
Company issues contracts with clear, transparent and non ambiguous terms.	0.546	
Company settles customers' claims with no unnecessary delays.	0.705	
Company has consistent, customer-focused, easy to understand underwriting policies.	0.635	
Company has easy terms for renew of policy.	0.521	
Company procedures for alteration of policy are simple. (Alteration in terms of change in nominee, address etc.)	0.526	
An agent of the company deposits your premium.	0.636	
You get premium notice intimation from Company.	0.472	
Company offers discount schemes from time to time.	0.835	

Note :   1.   The extraction method : Principle component analysis

           2.   Rotation method: Varimax with Kaiser Normalization

           3. α values of 0.70 and above testifies strong scale reliability

study the service quality factors in life insurance industry, two additional dimensions have been included. The items with low factor loadings were deleted during the pre-testing stage. Prior to the analysis of the results, the research instrument was tested for its reliability. The internal consistency of the grouping of the items was estimated using a reliability coefficient called Cronbach's alpha. The final results after factor analysis including the number of items that make up each dimension, factor loadings and their reliability coefficients are presented in the Table 4 and Table 5.

Table 5

Factor Loading and Cronbach's Alpha Customer Satisfaction Scale

Scale Title	Factor Loading	Cronbach Alpha
Overall Customer Satisfaction		0.8142
Considering everything, I am extremely satisfied with my overall dealing with the company.	0.878	
I am satisfied with my personal contact with agents and employees.	0.793	
The overall service quality provided by my company is satisfactory.	0.813	
My company always meets my expectations.	0.730	

Note :   1.   The extraction method: Principle component analysis
         2.   Rotation method: Varimax with Kaiser Normalization
         3.   α values of 0.70 and above testifies strong scale reliability

A final questionnaire was developed consisting of three sections. The first section consisted of 34 items to measure consumers' perception of the service quality of the life insurance companies in terms of the seven dimensions. The second section included four items to assess the consumers' overall satisfaction with the life insurers' services. The last section of the questionnaire addressed the issues related to the characteristics of the respondents. It sought to establish the demographic information about the respondents, i.e. gender, age, education level, marital status.

DATA ANALYSIS AND FINDINGS

To explore the relationship between the overall service quality and its key dimensions, the stepwise regression analysis was employed. The seven individual

dimensions of quality were used as the predictor variables (independent variables) to determine which of the seven dimensions were significantly related to the overall service quality. The overall service quality for the life insurance company as perceived and rated by the customers is used as a dependent variable.

Initially, Pearson correlation was used to investigate the relationship between the service quality and its dimensions. Preliminary analysis revealed that there were no violations of the assumptions of linearity and homoscedasticity, and all associations were found to be significant at 99 percent level of significance. Table 6 shows that the strongest association of service quality is with responsiveness having r equal to 0.889.

Table 6

Correlation–Service Quality and Its Dimensions

	Empathy	Assurance	Relia-bility	Respon-siveness	Tangi-bles	Product availability	Product conven-ience
Quality	0.780	0.794	0.740	0.889	0.647	0.702	0.798

(1) Pearson Correlation

(2) Correlation significant at 0.01 level

The results of the stepwise regression analysis for relationship between the overall service quality and dimensions of the service quality showed the adjusted R square equal to 0.561 (Table 7) indicating high proportion of explained variance and this adjusted R square was found to be statistically significant.

Table 7

Regression Model Summary : Overall Service Quality

Model	R	R^2	Adjusted R^2	Std. Error of the estimate
5	0.751	0.564	0.561	0.467

1. Independent variable : dimensions of quality

2. Dependent variable: overall quality

3. R^2 refers to the coefficient of determination that measures the proportion of the variance in the dependent variable that is explained by the independent variables.

Results reveal that five dimensions of service quality namely responsiveness, assurance, product convenience, empathy and product availability were statistically significant ($p<0.05$). Beta values in Table 8 show that out of the five statistically significant dimensions, Responsiveness has the strongest positive

relationship and is the best predictor of service quality in the model followed by Assurance, Empathy, Product Convenience and Product availability respectively. Whereas the two dimensions namely the Tangibles and the reliability were not significant and were not the determinants of the overall service quality for life insurance companies in the model (as given in Table 9)

Table 8

Step-wise Regression Analysis: Service Quality Coefficients

Variable	Beta	t-value	Significance Level
Constant			
Responsiveness	0.207	4.427	0.000
Assurance	0.197	4.763	0.000
Empathy	0.193	4.938	0.000
Product Convenience	0.185	4.273	0.000
Product Availability	0.099	2.308	0.020

1. Beta co-efficient is the standardized regression co-efficient which allows comparison of the relatives on the dependent variable of each independent variable.
2. T-statistics help to determine the relative importance of each variable in the model.

Table 9

Step-wise Regression Analysis: Service Quality Excluded Variables

Variable	Beta	t-value	Significance Level
Constant		6.876	0.000
Tangibles	0.005	0.100	0.921
Reliability	0.021	0.491	0.624

1. Beta co-efficient is the standardized regression co-efficient which allows comparison of the relatives on the dependent variable of each independent variable.
2. T-statistics help to determine the relative importance of each variable in the model.

DETECTION OF THE MULTICOLLINEARITY

To detect the problem of multicollinearity, if any, variance inflation factor (VIF) and tolerance value (TV) were calculated. VIF ranged between 2.169 to 3.716 values which are well below the cut-off value of 10. On the other hand, the Tolerance Values are above 0.20. These factors indicate that there is no evidence of multi-collinearity problem in the regression model. The values of the Variance Inflation Factor and Tolerance Value for linear stepwise regression model are presented in Table 10.

Table 10

Multicollinearity Statistics

Variables	Tolerance Value (TV)	Variance Inflation Factor (VIF)
Assurance	0.373	2.683
Responsiveness	0.354	2.826
Empathy	0.461	2.169
Product Convenience	0.375	2.664
Product Availability	0.385	2.601
Tangibles	0.369	3.716
Reliability	0.378	2.645

RELATIONSHIP BETWEEN THE SERVICE QUALITY AND THE CUSTOMER SATISFACTION

Before using the stepwise regression analysis, the relationship between the service quality and the customer satisfaction was investigated using Pearson Correlation. The preliminary analysis revealed that there were no violations of the assumptions of linearity and homoscedasticity, and all the associations were found to be significant at 99% level. Table 11 shows that there was strongest association between the customer satisfaction and tangibles & product convenience (r=0.699, p<0.01).

Table 11

Correlation : Service Quality and Customer Satisfaction

	Empathy	Tangibles	Reliability	Responsiveness	Assurance	Product Availability	Product Convenience
Customer Satisfaction	0.605	0.699	0.613	0.680	0.664	0.625	0.699

(1) Pearson Correlation

(2) Correlation significant at 0.01 level

To find out the best predictors of the customer satisfaction, the stepwise regression was used with the dimensions of service quality as the independent predictors. The result of the regression analysis in Table 12 reveals the adjusted R^2 as 0.604 showing strong relationship between the two constructs. The

Regression model explained 60.4% of the variance in the customer satisfaction construct.

Table 12

Regression Model Summary: Customer Satisfaction

Model	R	R²	Adjusted R²	Std. Error of the estimate
5	0.779	0.608	0.604	0.384

1. Independent variable : dimensions of quality
2. Dependent variable: customer satisfaction
3. R^2 refers to the coefficient of determination that measures the proportion of the variance in the dependent variable that is explained by the independent variables.

In addition, according to Table 13 standardized coefficient Beta suggests that dimension product convenience is the critical determinant of the feelings of satisfaction towards the life insurance service providers. The other dimensions that are the significant predictors of the customer satisfaction in the life insurance sector according to results of regression analysis are assurance, tangibles, responsiveness and empathy.

On the other hand, reliability and product availability were not found to be significant in the model as a predictor of customer satisfaction (Table 14).

Table 13

Step-wise Regression Analysis : Customer Satisfaction Coefficients

Variable	Beta	t-value	Significance Level
Constant			
Product Convenience	0.303	7.647	0.000
Assurance	0.204	5.103	0.000
Tangibles	0.162	3.376	0.001
Responsiveness	0.129	2.823	0.005
Empathy	0.098	2.646	0.008

1. Beta co-efficient is the standardized regression coefficient, which allows comparison of the relatives on the dependent variable of each independent variable.
2. T-statistics help to determine the relative importance of each variable in the model.

Table 14

Step-wise Regression Analysis : Customer Satisfaction Excluded Coefficients

Variable	Beta	t-value	Significance Level
Reliability	0.41	1.008	0.314
Product Availability	0.48	1.176	0.240

1. Beta co-efficient is the standardized regression coefficient, which allows comparison of the relatives on the dependent variable of each independent variable.
2. T-statistics help to determine the relative importance of each variable in the model.

The Table 15 shows the Variance Inflation Factor and the Tolerance Value for stepwise regression employed for knowing the relationship between the service quality and customer satisfaction. The results shows that there was no evidence of the multi-collinearity since VIF values was far below cut rate 10 and TV was above the minimum rate 0.20.

Table 15

Multicollinearity Statistics

Variables	Tolerance Value (TV)	Variance Inflation Factor (VIF)
Product Convenience	0.402	2.487
Assurance	0.394	2.538
Tangibles	0.376	3.626
Responsiveness	0.303	3.305
Empathy	0.460	2.175
Reliability	0.390	2.562
Product Availability	0.375	2.665

INVESTIGATING THE PERCEPTION OF THE SERVICE QUALITY ACROSS DIFFERENT CONSUMER GROUPS ACCORDING TO THEIR DEMOGRAPHIC PROFILE

The Kruskal-Wallis test was performed to measure any significant differences in responses among different consumers' groups on the basis of their demographic profile. Kruskal-Wallis test was used to test the hypothesis formulated for examining the relationship between service quality perception and demographic variables (H3) and the relationship between the customer satisfaction and the demographic variables (H4). Results of Kruskal-Wallis test are shown in Table 15.

Table 16 shows that the age makes significant difference in the service quality perception and in the degree of customer satisfaction (Sig. < 0.05). The results reveal that there is a significant difference in perception of all the dimensions of service quality except tangibles and empathy across different age groups. There is no relationship between the overall service quality perception and the consumers' gender. However, the consumers of different gender differ in perception for the product convenience and the product availability dimensions.

The education status makes significant difference in the consumers' perception of four dimension of service quality, namely, reliability, assurance, product availability and product convenience. In addition, the educational status did make significant difference in the degree of customer satisfaction towards the life insurance companies as reflected by the reported Chi-square (?2). However, the two demographic variables, namely, profession and marital status had no significant relationship with the overall service quality perception of the consumers and with degree of customer satisfaction. Whereas, results show that the respondents with different income profile had significant differences with regard to overall service quality perception.

MANAGERIAL IMPLICATIONS

Based on the working & features of the life insurance industry and the empirical findings of the present research, the managerial implications that emerge are presented in this section. Following are some of the suggestions which the life insurers need to follow for enhancing the service quality to induce greater customer satisfaction.

- According to the results, responsiveness and assurance seemed to be important dimensions influencing the overall service quality; on the other hand, product convenience followed by assurance are the important dimensions for influencing the customer satisfaction with the life Insurance companies. If the life insurers are seeking to improve the customers perceived service quality & satisfaction they need to concentrate on providing the superior level of responsiveness, assurance & product convenience as the insurance contracts are long term in nature. Therefore, frequent customer contacts are of utmost importance. Since Life Insurance is a service product intangible in nature, providing the service quality consistently is necessary for the success and sustenance of the Life Insurers.
- The customers find it difficult to understand the complexities of the life insurance products. Therefore, the life insurers need to focus on knowing

Table 16

Kruskal-Wallis one-way ANOVA

Dimension	Age		Gender		Education		M. Status		Profession		Income	
	χ^2	Sig.	χ^2	Sig.	χ^2	Sig.	χ^2	Sig.	χ^2	Sig.	χ^2	Sig.
Tangibles	6.950	0.139	1.448	0.229	8.908	0.063	1.099	0.294	13.759	0.008*	3.289	0.511
Empathy	2.777	0.596	0.410	0.522	6.875	0.143	0.155	0.694	15.304	0.004*	0.504	0.973
Reliability	13.609	0.009*	1.404	0.236	12.302	0.015*	1.353	0.245	9.300	0.054	6.067	0.194
Responsiveness	14.809	0.005*	0.99	0.753	7.260	0.123	0.793	0.373	13.755	0.008*	6.089	0.193
Assurance	16.056	0.003*	3.231	0.072	19.516	0.001*	0.120	0.729	4.768	0.312	23.066	0.000*
Product Availability	15.782	0.003*	8.065	0.005*	12.160	0.016*	0.258	0.611	4.657	0.324	4.163	0.384
Product Convenience	11.946	0.018*	10.513	0.001*	14.858	0.005*	2.433	0.119	3.633	0.458	2.821	0.588
Customer Satisfaction	12.038	0.017*	0.001	0.981	16.512	0.002*	0.496	0.481	3.818	0.431	4.609	0.330
Overall Service Quality	9.466	0.050*	0.934	0.334	6.850	0.144	0.880	0.348	8.437	0.077	11.575	0.021*

Note : * shows the significant values

the customers' needs as well as the ins and outs of the different life insurance products. The Life Insurers & the intermediaries need to provide useful and understandable customer information in simple language at the appropriate times to demystify and explain the insurance process; the life insurers need to provide simplified products, which are written & explained in lucid language.

- The high rate of the lapsation of the policies is detriment to the success of the life insurers. A major reason for the lapsation of the policies is the mis-selling of the life insurance products to the customers. Therefore, on many occasions, the customers are dissatisfied with the products provided by the life insurance companies. The Life Insurers need to develop better methods to analyse the needs of the customer of needs analysis; better questions for the seller to ask the prospective buyer; better matching of the answers to what is available in the entire market. The life insurers need to provide the right kind of products to the right consumers based on their needs.

- Most of the life insurance products are sold through the intermediaries. They are the ones who can help the consumers by explaining the products in a simple manner which requires proper training. With the increasing competition in the life insurance industry, there has been an increase in demand for large agency force. The insurers in their apprehension to recruit agents fail to pay the required attention to the quality of training imparted. Therefore, it is strongly recommended that the life insurers need to pay greater attention to the training of the agency force as the life insurance products are no longer simple and the intermediaries are supposed to advise the customers on the appropriate life insurance products considering their specific needs.

- In view of the increasing competition, the life insurance companies have been making great efforts to improve service quality so as to enhance the level of the customer satisfaction. The changing expectations of the customers about the level of the service quality are the economic and the social phenomenon. Therefore, the life insurers need to constantly monitor the changing customer expectations which can be achieved through the customer surveys, in-depth interviews or other informal means of research.

- As per the results of the study, the strong differences were found regarding the service quality perception amongst the different age groups, education and income groups. The life insurers need to continually assess the different target segments and embark upon a strategy of targeting the

specific customers according to their requirements and improve the quality of its services.

● The life insurance industry in India is experiencing an intense competition amongst the major Public sector player and Private sector players. In lieu of this, retaining an existing customer is cheaper than finding a new one. The service quality dimensions provided in the study could be a basis for differentiation for the insurers, which could be developed into a sustainable competitive advantage in the long run.

To sum up, the present research has attempted to provide life insurers a framework to understand the specific factors that significantly influence service quality and customer satisfaction.

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