A Study on Factors Influencing Customer Satisfaction for an Indian Life Insurance Company with Reference to Kashmir

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ABSTRACT

Customer satisfaction is the important factor for any company to survive in the market. It gives the company the competitive advantage over its competitors. To have the satisfied customers can help a organization to be more profitable. Customer satisfaction plans an important role in the in the life insurance companies, because having a satisfied customers can help the life insurance company not only in making more business but can also help in making customers loyal to that company. The objective of the study was to study the factors influencing the level of satisfaction of customers towards Life Insurance. For this we have to understand consumer response, time frame, personality constraints and emotions for assessing the potential of insurance sector. The findings of the study reviled that empathy was the most important factor for the life insurance customers, as they needed due care even after they invest their money in the particular policy. Tangibles were treated as the least important factor. More ever the company was good in introducing new customers to the organization. But a company cannot be successful if it focuses on new business only which was practiced in Indian insurance company. The study also helped the company as to know the perception of customers towards insurance. The company is not keeping the customers interest away after they invest but the continuously remain in touch with them and make the various departments customer friendly which makes the image of the company as a customer focused company. To be a customer friendly is a very good thing for the organization.

Keywords: Life Insurance, Customer Satisfaction, Kashmir, Factor analysis.
INTRODUCTION

Life insurance is a contract between you and a life insurance company, which provides you a predetermined amount in case of your death, accidents or any uncertain events during the contract term. Buying insurance is extremely useful if one is the principle earning member in the family and unfortunate premature demise, your family can remain financially secured because of the life that you have purchased. The primary purpose of life insurance is therefore protection of the family for uncertain events for future. Life insurance is also seen as a tool to plan effectively for the future years, your retirement, education of the children’s and their future needs. Today, market offers insurance plans that not just cover you and your family but at the same time it helps to grow your wealth too. Life was not designed to be risk free. The key is not to eliminate risk, but to estimate it accurately and manage it wisely. Insurance sector have characteristic that give can boost to the growth of any economy. It is due to the savings done at the individual level and at micro level it generates funds for infrastructure building as the cash flow is constant while the payout is differed, so that the insurance companies are becoming biggest investors in long gestation infrastructure development studies and hence have a great Importance to the developing economy like India. Insurance sector with an annual growth rate of 15-20% and the largest number of life insurance policies in force, the potential of the Indian insurance industry is huge.

The main motto of the study work was customer Satisfaction of Indian insurance company i.e Life Insurance, company Srinagar. It includes through market Research in various plans of Indian insurance company Life Insurance.

Importance of the Study

The study report is all about market research to find out best sold plan of an Indian insurance company Life Insurance, Srinagar and to measure the satisfaction level of consumers of an Indian insurance company Life Insurance. Market research helps an Indian insurance company Life Insurance about the best plan purchased by its consumer satisfaction level helps to know whether the consumers are satisfied by service/ Plans of an Indian insurance company Life Insurance.

Scope of Study

Need for measuring customer satisfaction. “Customers are too good to lose --------- Let’s keep them happy!” Customer is the king. In the era of cut throat competition and economic recession, above axiom has more importance than ever before. “Marketing starts with the customer and ends the customer”. Peter Drucker. So no organization, small or big ignores the customers. “Earth is not the center of universe but revolves around the Sun”. -Copernicus. Similarly, we have come to believe that business firm is not the center of economic universe but revolves around the customer. Build customer and not only products. Building customers is not a single step exercise but a process.
REVIEW OF LITERATURE

Customer service has become a distinct component of both product and service sectors and with the developments in information technology many businesses find demanding and knowledgeable customers. The worldwide trend toward service quality was initiated in the 1880s when businesses realized that a quality product, in itself, is not guaranteed to maintain competitive advantage (van der Wal et al., 2002). Many researchers recognize that service quality can bring an organization a lasting competitive advantage (Moore and Lewis). As a result, many organizations are paying increasing attention to improve service quality. In some manufacturing industries "service quality" is considered a more important order winner than "product quality" (Ghobadian et al., 1994). Service quality improvements will lead to customer satisfaction and cost management that result in improved profits (Stevenson, 2002). Contemporary service sector firms are compelled by their nature to provide excellent service in order to prosper in increasingly competitive domestic and global marketplaces (Sultan and Simpson, 2000). As service firms find themselves in an increasingly competitive and complex business environment, they are inevitably driven to examine their service delivery processes critically. The focus of such internal analysis is ultimately about customer satisfaction, and how bottom-line results can be actualized through delivering quality services to customers via flawless interface platforms. This is not only the case in the private sector, but it also is increasingly so in the public sector. Public sector firms are trying to make administration more efficient and more citizen-oriented (Scharitzer and Korunka, 2000).

Objective of The Study
1) To determine the level of satisfaction and quality of service provided to the customers in Srinagar city.
2) To determine the present position and satisfaction of customer in an Indian insurance company Life Insurance.
3) Identify pros and cons of the brand.

RESEARCH METHODOLOGY

The study is descriptive in nature and is based on both the secondary data and primary data. The secondary data was collected from books, journals, periodicals, websites etc. The primary data was collected from a sample of 200 respondents from the Kashmir division of J&K The purposive sampling technique was used to collect the data from respondents. The population of the study consisted of consumes who had taken the policy form the company.

METHOD OF DATA COLLECTION

1) Data to be collected.

Data includes facts and figures, which are required to be collected to achieve the objectives of the study. In order to determine the present position and satisfaction level of customer of an indian insurance company Life Insurance.
2) Data Collection Method

For given study, the primary data, which needed to collect for the first time, were much significant. This type of information gathered through Survey technique, which is the most popular and effective technique for correct data collection. The survey was completed with the use of self administered questionnaires.

3) Sampling

Sample is the small group taken under consideration from the total group. This small group represents the total group. In the study the market research, which was ask to be studied was Srinagar market but as it was possible to approach all the respondent’s customer of the city, hence a sample was selected which represents the whole city. The data was collected by using the convenience sampling technique.

SAMPLE SIZE

The sample size of the respondents was taken as 200 considering the scope and constraints of the study. The questionnaire was self administered to 200 respondents. Respondents included were from a balanced mix of various demographic factors (age, gender, marital status, education levels, and employment status and income group).

DATA INTERPETATION

In order to find out the customer’s Perception towards insurance as tool of investment or risk cover, **Factor Analysis** would be a great way to find out the most important factors that are responsible for the customers to take insurance policies.

RESULTS AND INTERPRETATION

After collecting all the data the process of analysis begins. To summarize and rearrange the data several interrelated procedures are performed during the data analysis stage. Statistical tools of SPSS are used for data input and analysis. The statistics results were presented in graphical and tabular form with detail description.

**A Brief Description of the Sample Profile**

Out of 200 respondents living mostly in Srinagar, 60% are male and 40% are females. 100% of the respondents are financially independent. Marital Status of the respondents tells that 138 are married and 62 are unmarried. Distribution of the sample taking age, profession, academic qualification and monthly income of respondents respectively. Researcher did not observe any significant difference between male and female respondents in their Life Insurance Policy buying behavior.
Demographic Profile of the Respondents

The profile of the respondents is shown in the Fig. The profile focus on the demographics of respondents. It shows that out of 200 respondents, 60% of the respondents are male and 40% are females. Most of the respondents are married (67%) and in the age group 35-50 years (48%). This range shows that married group always feels the importance of insurance policy to complement with their life and families. The highest education level attained by most of the respondents was degree level (52%), followed by masters (46%) and under graduation (2%). It shows that majority of respondents were educated with high qualifications. The occupations of respondents were varied. The majority of the respondents were working in government sector (62%) and included doctors, Teachers, engineers, followed by private sector (31%) and other white collar jobs, businessman and skilled or semiskilled workers (7%). In term of household income, almost half of the respondents earned less than Rs.50,000 (per month).

Cronbach’s Coefficient Alphas for SERVQUAL Dimensions

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Kaiser-Meyer-Olkin Measure and Bartlett’s Test

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Factor Analysis to Determine the Factors which Customers keep in Mind while purchasing Life Insurance Policy from Life Insurance Companies

Trimming a large number of variables to reach at few factors to explain the original data more economically and efficiently Factor Analysis, a widely used multivariate technique in research, reduces data complexity. Factor Analysis is an important tool for resolving this confusion and identifying factors from an array of seemingly important variables. In the present study Factor Analysis exhibits the rotated factor loading for the statements (Variables)
of Quality of Service rendered by Life Insurance Companies in India. It is clear from the that all the 34 statements have been extracted into nine critical factors namely F1, F2, F3, F4, F5, F6, F7, F8, F9. The factors Identified with new names which influence the Quality of Service are given below in table.

Adequacy of the data is tested on the basis of results the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett’s test of sphericity (homogeneity of Variance) provided. The KMO measure of sampling adequacy is 0.779, which indicates the present data suitable for factor analysis. This is a goodness fit coefficient whose value varies between 0 and 1 and we take values over 0.5 to represent good factor analysis (i.e., data reduction is effective). Similarly, Bartlett’s test of sphericity is significant (p < 0.001); that explains existence of sufficient correlation between variables to proceed with the analysis (Table 3). The Bartlett’s test statistic is approximately distributed and it may be accepted when it is significant at p < 0.05. Most of the extracted Communalities are acceptable and all variables are fit for the factor solution as their extraction values are large. The first nine components (factors) in the initial solution have an Eigen values over 1 and they account for maximum observed variation in the consumers’ behavior about the purchase of Life Insurance policies from the an Indian insurance company Life Insurance Company in Srinagar. According to Kaiser Criterion, only first nine factors should be used because subsequent eigenvalues are less than 1. After Analyzing the Total Variance Explained it can be found that 34 statements can be grouped under 9 Factor Groups of questions. The Factor Analysis made so far using SPSS helps extract nine factors, viz., Pricing, Employee Competence, Product & Service, Technology, Physical Appearances, Trust, Service Delivery, Advertising and Service Management from variables and these factors contributed variation in consumer behavior in purchase of Life Insurance Policy from an Indian insurance company life insurance.

**FINDINGS**

1. Most number of the customers who are insured are youngsters between the age of 25-35. It is because of the awareness which the youngsters possess nowadays about insurance.
2. Females are not concerned about insurance because analysis showed that 71% respondents were males whereas only 29% females are there. It is because that most number of the females don’t work there in Kashmir valley.
3. Convenience sampling became necessary because in filling the questionnaire you will find 2 out of 10 are insured so you need to have proper database of the customers to make your research more fruitful.
4. Maximum number of the customers prefers term insurance because they don’t want to indulge in this for a very longer period of time they want returns in a short span of time.
5. An Indian insurance company is not very good at attracting the new customers because most of the customers in our study were insured from last more than 4 years that suggests new customer’s inclusion is very slow.
6. The most important reasons for the customers to have an insurance is “RISK COVER” and “SAVING”. Customers feel somehow secure in insuring themselves.
7. Customers who are associated with an Indian insurance company are illiterate so the F.A’s have to put lot of efforts in convincing the customers.
8. An Indian insurance company lack in advertisement in Srinagar.
9. They also lack employees because in Srinagar branch there are only 8 persons who run the office among which 6 girls are Tele Callers.
10. Religion plays a very important part in hindering the sales of insurance companies in Kashmir valley because Muslims don’t insure themselves as it is against their religion.

SUGGESTIONS

Based on the findings above, following suggestions are made for incorporating in marketing strategies of the An Indian insurance company life insurance company.

- An Indian insurance company life insurance company should give more emphasis on promotional activities targeted at younger prospective customers to attract them to insurance companies.
- In the wake of intensifying competition in life insurance sector, insurance companies need to keep evolving innovative promotion-mix, encompassing advertisements, sales promotional campaigns, and persuasion by agents to increase the level of awareness and to make the information search process for the consumers an easy one.
- Image of company is considered to be one of the most important by customers of both LIC of India and private insurance companies while choosing an insurance company. So, Insurance companies need to pay attention to improve their image by giving due attention to financial management, insurance products, brand of company and top management.
- Insurance companies ought to vigorously pursue lower income people for buying policy by making use of various promotional activities and developing insurance product. This provides value for money.
- The insurance companies should create more awareness regarding multiple benefits of insurance products, which will help them to attract more customers and increase their business volume.

CONCLUSION

Although the satisfaction levels are on the higher side, yet there remains a lot to be done by the management of the an Indian insurance company life Insurance company to maximize their customers’ satisfaction and improve the quality of service. The satisfaction of the customer with the services of Life Insurance Companies is linked with the performance of the service. Further, many customers who are strongly familiar with interpersonal services may never be satisfied with purely technology-based services. It was revealed from the research that an Indian insurance company is a successful player due to its various remarkable efforts towards the customers. It was also revealed that an Indian insurance company has used the goodwill of its parent company up to a great extent and also its distribution in the valley.
Indian insurance company is also having a good distribution but it should use other marketing tools as well in introducing the customers to an Indian insurance company. It was also seen that an Indian insurance company is making good efforts to bring new customers to the company but the retention part is not performing as it should be. No doubt that an Indian insurance company is continuously growing and also that with a remarkable growth rate. Due this growth rate the market share of an Indian insurance company has increased. But if the company wants to achieve new heights and wants to grab the maximum of the market then they definitely need to work in some of the fields so that the company will perform as it is expected by the customers. Simply we can say that an Indian insurance company has to become more customer focused and they need to provide quality services to the customers.

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