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A Study on Satisfaction of the Customers towards the Services Provided by LIC of India in Chennai District- An Empirical Study

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ABSTRACT

The life insurance business depends on the awareness of the customers about the products and satisfaction. Customer service assumes vital importance in the marketing programmes of all modern organization including service organisation. The basics of Customer Relationship Management (CRM) include a business strategy that focuses on developing and retaining the relationships existing between customer and organization. It also provides the customer with a much needed avenue to find expression for his problems, ideas and suggestion. The most important factors in the insurance industry are the security of the amount insured and customer satisfaction. The best way of surviving and prospering in the competitive environment is through providing prompt relevant and efficient customer service at measurable cost. In order to attain sustainable growth in the competitive environment, offering quality service is the only differentiating factor.

1. INTRODUCTION

Insurance is described as a social tool which reduces or eliminates the risk of life and property. It is a contract between two parties the insurer and the insured. The principles of insurance works on the concept that large number of people exposed to a similar risk makes contribution to a common fund and those who suffer loss due to occurrence of any uncertainties of risk are compensated from this fund. The quality of service delivery results in customer satisfaction and their retention as it reinforces the perception that the value of service received is greater than the price paid for it. When the major marketing goal of company is customer retention, the quality service delivery is undeniably. As insurance is a service industry, the main focus is on the efficient and effective delivery of services to the policy holders. The most important factors in the insurance industry are security of the amount insured and customer satisfaction. After liberalisation of the insurance sector it has duly realised by all the players that customer satisfaction is the pivotal element for enhancing business performance.

2. OBJECTIVES OF THE STUDY

- To be precise the study has undertaken the following objectives:
- To measure the significant differences between the expectations and perceptions towards various aspects of service quality in LIC, and
- To offer suggestions on the basis of the study for improvement of quality services to the existing policy holders.

3. METHODOLOGY OF THE STUDY

This study is an empirical research based on survey method. It is a both blend of both descriptive and the analytical methods of study. An interview schedule was prepared separately for finding out the perception of the policy holders towards the services rendered by LIC of India. A customer's expectation of a particular service is determined by factors such as recommendations, personal needs and past experiences. The expected service and the perceived service sometimes may not be equal, thus leaving gap. This gap can be filled if the five quality dimensions as follows,

- Tangible are the physical evidence of the service.
- Reliability is the ability to perform the promised service in a dependable and accurate manner.
- Assurance is the customer feeling free from danger, risk or doubts including physical safety, financial security and confidentiality. It involves the factors such as trustworthiness, beliefs and honesty.
- Empathy means making an effort to understand the customer's individual needs, providing individualized attention, recognizing the customer when they arrive and so on.
- Responsiveness is to readiness and willingness of employees to help customers in providing prompt timely services.

SAMPLE DESIGN

As per the instruction given by IRDA, the LIC of India opened branches in rural and semi urban and urban areas. The LIC of India branches are in Chennai District. There are about 12 branches in this division. The researcher has selected all these branches under census method for this study. There are about 300 customers selected at random in order to obtain their opinion of the service offered by LIC of India. That is, 43 customers from each branch were selected.

FIELD WORK

Most of the India branches in Chennai Division have working hours between 10 A.M. and 4.P.M. So the researcher contacted them after the working hours. On the dates fixed, in the first instance, the customers were interviewed. As there were 7 branches in the sampling area it took 5 weeks for the researcher to complete the survey of the customers of the LIC of India.

DATA PROCESSING

After completing the data collection, a thorough check was made. The whole interview schedule was processed for coding the data in a computer. Then, the cross tables were prepared by using experts and appropriate tools were framed to get good results.

FRAMEWORK OF ANALYSIS

In order to analyse the perception of the customers, techniques namely Percentage Analysis and Factor Analysis were used. Insurance industry is a service-oriented unit. It renders service like available space; display adequate information, suggestion box and so on to the customers. It is essential that LIC of India should attract and satisfy the customers in different ways. There are 14 measures identified by the researcher and the respondents were asked to fill in the respective columns. The researcher has used multivariate technique called factor analysis in order to classify the selected variables. Factor analysis is a statistical method used to describe variability among observed variables in terms of fewer unobserved variables called factors. The observed variables are modelled as linear combination of the factor, plus "error" terms. The information gained about the interdependences can be used later to reduce to it a set of variables in a data sheet. Factor analysis originated in psychometrics and is used in behaviour sciences, social sciences, marketing

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product management, operations research and other applied science that deal with large quantities of data,

EXAMPLE

Factor Analysis is a method for investigating whether number of variables of interest Y1, Y2 ... Yn... is linearly related to a smaller number of unobservable factors F1, F2 ... Fn.

THE ANALYTICAL FRAMEWORK

The technique was adopted to analyse the opinion of the policyholder about the service provide by LIC of India branches in Chennai District. But the principal factor method with orthogonal variance rotation is mostly used widely available in factor analytic computer programmes. In the present study, the principal factor analysis method with orthogonal varimax rotation is used to identify the significance of different variables of the opinion of customers on service provided by LIC.

RESULTS AND DISCUSSION OF OPINION OF THE CUSTOMER'S OPINION OF THE CUSTOMERS ON SERVICE PROVIDED BY LIC OF INDIA

SL.NO.	VARIABLES	F 1	F 2	COMM.
1.	Branch is Easy to approach	0.758		0.666
2.	Amenities are adequate	0.750		0.470
3.	Parking Facilities are Available	0.722		0.386
4.	Availability of Space	0.718		0.643
5.	Customers Meet the Development officers periodically	0.675		0.579
6.	Customers can Meet the Agents Periodically	0.585		0.395
7.	Displays all Information on Notice Board	0.576	0.491	0.176
8.	Classification of Doubts with LIC Officials		0.797	0.577
9.	Pamphlets for all the policies		0.761	0.576
10.	Complaints are considered Without Delay		0.741	0.343
11.	Touch Screen to Know about the Position of Policies		0.653	0.556
12.	Suggestion Box is Available		0.612	0.713
13.	Branch Premises are kept Clean		0.609	0.666
14.	Branch following Time Norms	0.449	0.487	0.170

TABLE No 1

F1 = Factor 1
F2= Factor 2
Comm = Communalities

The above Table represents the matrix of common factor co-efficient or factors loading. The number factor extracted was from LIC customers. The ratios which have the highest loading

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(>0.50) in each fact are grouped, that is the ratios which are more closely related to particular group are bolded.

FACTOR 1

In the first factor variable like, 'branch is easy to approach' (0.075), amenities are adequate (0.750) parking facilities are available (0.722), customers can meet the development officers periodically (0.675) customers meet the agents periodically (0.58) and displays all the information on the notice board (0.576) have been examined, LIC branches were easy to approach (0.758) have the highest significant positive loading. Hence factor one is characterized as "Availability of Services in LIC Branch"

FACTOR 2

The Second factor consists of the variables namely, clarification of doubts with LIC officials (0.797), pamphlets for all the policies (0.761), complaints are considered without delay (0.741), touch screen to know about the position of policies (0.653) suggestion box is available (0.612), branch premises are kept clean (0.609) and branch follows time norms (0.487). These are the variables with the highest significance in factor two. These variables represent protection of customers. Factor two is termed as "grievance redresses mechanism".

4. FINDINGS

It is found that the employees of LIC are always busy with respond to the requests of customers/ policy holders. It is found that the majority of the customers feel safe and expressed their happiness in their transaction with LIC.It is found that the negligible portion of the employees in LIC don't pay personal attention to the problems of customers. It is found that the negligible portion of the employees in LIC don't have the knowledge of all the policies of LIC.

5. CONCLUSION

The agents and employees of LIC must be properly trained and imparted with knowledge, skills so that they become professionals in delivering the quality services to the policy holders.LIC holds its power in creating trust and instilling confidence in the minds of the customers, Hence it can enhance the quality of operation through redresses cell. It focuses on the efficient and effective delivery of services to the customers to make more profit and increment in market value and share. Since most insurance companies are not adequately equipped to help their agents deal with customer centred problems by using the data the insurance company has on the existing customers and then use it to increase the level of profitability. It manages to enhance customer relationships based on customer's unique requirements. Therefore the insurance firms need to become more aware of the importance of customer relationship management and its potential to help them acquire new customers, retain existing ones and maximize their lifetime value. They need to investigate customer needs, build relationships with both existing and potential customers and satisfy their customers in order to secure their sustainability. In today's competitive world, customer satisfaction has become an important aspect to retain the customers, not only to grow but also to serve. Increased competition, wide range of product offerings and multiple distribution channels cause companies to value satisfied and highly profitable customers.

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