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Impact of Service Quality on Customer Satisfaction in Life Insurance Services

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Abstract

Life insurance players have started realizing that their business depends on customer service and customer satisfaction. The main purpose of the study is to find out the impact of service quality dimensions on customer satisfaction in Insurance industry. The study is exploratory in nature and simple random technique is used to identify the respondents of the study. The area of the study is Gwalior city and sample size of the study is 200. Cronbach's Alpha is used to test the reliability of the questionnaire and regression analysis is used to analyze the impact of service quality factors on customer satisfaction.

Keywords: service quality, Customer satisfaction, Life Insurance, Services.

Introduction

Customer Satisfaction has been recognized as an important indicator of organizational success. Customer Satisfaction is a foremost concept in business world and a psychological statement. This is a marketing measurement, which is used to manage and develop the business.

The life insurance industry like many other financial services industries is facing a rapidly changing market, new technologies, economic uncertainties, fierce competition and more demanding customers and the changing climate has presented an unprecedented set of challenges. Just like companies of other business domains, life insurance also considers their customers as the most important asset. However, the most critical issue is whether this customer orientation is reflected in their strategies. Life insurance providers increasingly recognize that today's customers who insist on improvements in quality of services have many alternatives and, therefore, may more readily change providers if not satisfied. This is evident from the not so uncommon practice of 'policy lapses' readily embraced by dissatisfied policy holders. The decrease in customer loyalty has made management of service quality and customer satisfaction critically important factors for insurance players.

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The life insurance providers need to reconfigure their strategy and business to sustain or improve their competitive advantage, and for this they first need to consider how to create a satisfied customer base that will not be eroded even in the face of fierce competition.

Review of Literature

Samarasinghe, Uj (2018) conducted a study on impact of Service Quality on Customer Satisfaction; With Reference to Life Insurance Services in Sri Lanka. The main objectives of this research are to explore determinant of service quality of life insurance business. The researcher selected the target sample of 100 policy holders and the study was limited to Colombo district in Sri Lanka. A questionnaire was chosen as a data collection instrument. The sample has collected by using disproportionate stratified random sampling design. Analysis of the study revealed that employees of insurance company communication styles, Behavior and Financial Strength Pay more consideration purchasing life insurance policy.

Dr Kamal Ahmad Al qudah (2013) find the impact of service quality on Customer satisfaction of Jordan Insurance Companies. The sample for this study consists customers of Jordan insurance companies. These were randomly selected from customers of ALICO insurance company located in several locations in Jordan. The (SERVQUAL) identifies seven dimensions of service quality: Competence, Credibility, reliability, responsiveness, Assurance, tangibles, Communication. The study indicates that there was a statistically significant link between seven dimensions service quality and customer satisfaction. The findings of the study have important implications for managers of Jordan Insurance Companies, managers of Jordan Insurance Companies could make Commitment by the offers provided to the customers, so that the advertised offers should match the reality.

Objectives of the Research Studies

To study the services provided by insurance provider in Gwalior city.

To find out the impact of service quality on customer satisfaction.

Hypotheses of Study

- H01: There is no significant impact of service quality on customer satisfaction.

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Research Methodology

The research is Exploratory in nature. Convenience sampling technique was used to select insurance policy holders for the data collection. The survey instrument was a SERVQUAL type questionnaire relevant to the insurance industry. The area of the study is Gwalior city. The questionnaire was divided into two sections. In the first part, respondents were asked to evaluate parameters on service quality relevant to insurance industry (on a 5 point scale anchored at 'strongly agree' and 'strongly disagree'). In the second part information related to different demographic criteria like income, age, profession, educational qualification and so on was collected. 180 questionnaires were filled from different respondents (policyholders). However, 160 questionnaires were found complete in all respects. The response rate was 86.8 per cent.

Data Analysis and Discussion

Collected data was analyzed with the help of different statistical calculations using SPSS.

Demographic Analysis

GENDER	MALE	96	60
	FEMALE	64	40
AGE	20 Years-30 Years	16	10
	31 Years-40 Years	64	40
	41 Years-50 Years	48	30
	Above 51 years	32	20
MARITAL STATUS	Single	40	25
	Married	120	75
INCOME	0-20000	16	10
	21000-30000	48	30
	31000-40000	64	40
	41000 and above	32	20

The results show that major part of the respondents 96 are male represented 60 % of total respondents. The rest are 64 female respondents, which accounted 40 % of complete

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respondents and Majority of the respondents is married 120 represented 75 % of total respondents.

The age was separated into four classes which are 20-30 years, 31-40 years, 41-50 years or more 51 years. The above table shows that most of the respondents were age group of 31-40 years 64 (40 %) followed by age group 41-50 years 48 (30%), Above 50 years 32 (20%) and 20-30 years 16 (10 %).

Income was divided into 4 choices. The frequency analysis results from the above table shows that majority of the respondents were having income 31000-40000 64 (40 %), followed by 21000-30000 48 (30 %), 41000 and above 32 (20%) and 0-20000 16 (10 %) respectively.

Reliability Statistics

Variables	Cronbach alpha	No. of items
Service Quality	0.888	19
Customer Satisfaction	0.862	5

Cronbach's Alpha Reliability Test was carried out to check the reliability of the questionnaire. Reliability coefficient values for service quality were 0.888 and for customer satisfaction was .862 that ascertains the significant reliability of the questionnaire. Therefore the questionnaire is ready to use for study.

Regression Analysis

A regression is applied to find out the impact of service quality on customer satisfaction.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.781[a]	.731	.730	2.91211	1.899

a. Predictors: (Constant), service quality

b. Dependent Variable: Customer Satisfaction

ANOVA

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Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1269.773	1	1269.773	149.731	.000[b]
	Residual	4223.227	158	8.480		
	Total	5493.000	159			

a. Dependent Variable: Customer Satisfaction

b. Predictors: (Constant), service quality

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.825	.577		11.835	.000
	service quality	.783	.039	.781	12.236	.000

a. Dependent Variable: Customer Satisfaction

The above table shows R square value which was found to be 0.731, indicates that service quality have 72.9% variance on customer satisfaction.

The goodness of fit for the model was tested using ANOVA and the F value was found to be 149.731 which were significant at 0.0% level of significance and Durbin Watson value was 1.899, indicating that the model is showing good fit.

The significance of beta is tested using T-test which is 12.236 which is significant at 0% level of significance indicating strong positive relationship between service quality and customer satisfaction. In this case hypotheses **H01** were rejected and indicate that the independent variables have significant impact on dependent variable.

Conclusion

Research concluded with the fact that service quality dimensions is having significant impact on customer satisfaction. In practical terms, this means that improving service quality in life insurance services increases overall customer satisfaction. From managerial stand point, this means that the better the perceived service quality more will be customer satisfaction.

Although this study focuses on life insurance industry in Gwalior city, however, the results and recommendations of this article can be used for service quality improvements and consequently improving customer satisfaction of life insurance industries of other cities&& as well.

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