A Study on Analysing the Customer Satisfaction towards the Products of IDBI Federal Insurance in Tamilnadu

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Abstract- **The past few year Indian insurance company received a wide range of popularity. As the time passes this industry has become a popular world in the Indian financial system. The present study analyses the insurance policy in relation customer behaviour. Opinion and perception of the investors regarding has been analysed relevance to various issues like insurance, main objective behind investing in insurance scheme, role of financial advisors and brokers, investors' opinion relating to factors that attract them to invest in insurance, sources of information, deficiencies in the services provided by the insurance managers, challenges before the Indian insurance industry.**

INTRODUCTION

Insurance is not an investment scheme, it is a pooling of risk or covering of risk. It is a means of providing protection against financial loss in a great variety of situations. It is a co-operation method for spreading over the loss caused by one or more, caused by a particular risk, Life insurance assures to replace income lost to a family if the policyholder met with an untoward incident. Health insurance like Medi-claim reimburses the medical expenses, which are met by the policy holder. Fire insurance pays all or part of the loss if the insured properly is destroyed by fire. Motor vehicle insurance compensates the cost of damages resulting from accident. Now-a-days, people can also avail themselves of insurance to cover unusual types of financial losses. Dancers have insured their legs against injury.

The first General Insurance Company namely Triton Insurance Company Limited was established in Calcutta in 1850. Mainly the British held almost all its shares. The first insurance company to be set up by Indians for transacting all classes of general insurance business was Indian Mercantile Insurance Company Limited in 1907. The British and other foreign insurers had a good share of insurance business, about 40 per cent at the time of independence. This share declined progressively thereafter.

In 1957, the General Insurance Council, a wing of the Insurance Association of India, framed a code of conduct for ensuring fair conduct and sound business practices in general insurance industry. Further, in order to increase the changes of retention of general insurance business in India, the insurers started a reinsurance company namely, India Reinsurance Corporation Limited in 1956, to which they all voluntarily ceded 10 per cent of their gross direct business.

In 1968, the Insurance Act was amended again to provide for extension of social control over insurers transaction of general insurance business. There were far-reaching changes leading towards a modern piece of legislation, which came into force on 1st June 1969. However, before, they could be effectively implemented, management of non-life insurers was taken over by the Central Government in 1971 as a prelude to nationalization. The General Insurance Corporation and its four subsidiaries thus came into being from 1st January, 1973. During this period, an office of the Controller of Insurance was set up, through its various phases, as an attached office firstly of the Ministry of Finance of the Government of India. The controller is a statutory authority whose duties, powers and responsibility as regards supervision and regulation of insurance business were defined in the insurance Act.

The nationalization of life insurance business and creation of LIC in 1956 was followed by the nationalisation of general insurance business and formation of GIC and its subsidiaries in 1973. Adopting of the Insurance Act 1938 was greatly modified by the nationalizing enactment's and Government notifications issued there under. Most of the regulatory functions were taken away from the controller and vested in LIC and GIC themselves. By

Law, the Controller of Insurance is still the supervisory and regulatory authority for the insurance industry. The nationalization of general insurance industry, however, seems to have changed the position. The Controller's Office and an Assistant Controller were made a part of the Insurance Division of the Ministry of Finance and were made to perform a few residual functions under the law which in practice is not much of importance.

The Insurance Act did seek to create a strong and powerful supervisory and regulatory authority in the controller of Insurance. His role and responsibilities are set out in several sections for this Act. It empowers him to direct, advise, caution, prohibit, investigate, prosecute, search, seize, fine, amalgamate, authorize, register and liquidate insurance companies. As already stated, the powers and position of the controller of insurance have undergone drastic curtailment after nationalization of the industry. This presumably might have taken place with the belief that the nationalized industry did not require any supervision and that its accountability to Government through the insurance division of the Finance Ministry would be adequate. There are, however, operations which require professional regulation even in the nationalized insurance sector, particularly in the areas relating to expenses, customer service, claims settlements, resolution of disputes, reasonableness of tariff and prevention of restrictive trade practices.

The Committee on Reforms in the insurance sector has suggested that the office of the Controller of Insurance should have its full statutory powers restored and segregated from the Ministry of Finance and in due course, the Insurance Regulatory Authority as a multi-member statutory body should be set up. This would require amendments to the current laws. The Government has since established an Insurance Regulatory Authority with its Chairman having the rights and responsibility of the Controller of Insurance vested in him. The Government is now contemplating to vest this Authority with statutory powers through legislation to regulate the functioning of the insurance industry after it is opened up.

The Insurance Sector was opened up to new players in August 2000. The last three years have witnessed the Indian Insurance Industry playing to catch-up with international developments overall the regulator. Insurance Regulatory and Development Authority (IRDA) has been able to script a smooth opening up process.

Need for the Study:

The Indian life insurance market has become more competitive in recent years and is still growing toward betterment. The economic future of this country depends greatly on its existing and upcoming industries. The insurance market industry can succeed if companies successfully market their products and focuses on customer satisfaction. With increasing competition, companies must aim at understanding customer's wants, preference and reaction to basic factors such as the price, quality of products etc. In short companies must treat customer satisfaction as a priority.

Objectives of the study:

- To determine the factors influencing customer satisfaction on products on company name.
- To study the demographic profile of the customers in accordance with the choice of making purchase decision towards insurance products.

Scope of the Study:

As the focus of this study is on customer's satisfaction towards purchase decision, marketers and companies will be highly benefitted from this study. The present study will identify the factors that influence brand loyalty pertaining to the above mentioned household appliance in Mumbai. The results obtained may not be applicable to other categories of household appliances or to other regions of India.

LIMITATION

- Time period of the study is limited.
- Customers were busy in the work schedule.
- Customer's response was not too good

LITERATURE REVIEW

Customer Satisfaction

This is may either lead to being positive or negative feeling towards a brand. A research carried out by Whitler (2014) suggest that, 92% of consumers believe in recommendation of a product or a service

given by friends and family. (Dick & Basu 1994; Kuusik 2007; Alhabeeb, 2007).

Shesha Ayyar in his article entitled "Product Development", has discussed various issues connected with developing new policies such as the importance of developing new Schemes and various problems involved in the developing the new schemes in LIC. He suggested the need for including ancillary benefits in the policies such as accident benefits, disablement benefits and hospitalization benefits.

Rajan Saxena (1912) in his article entitled "Marketing of Life Insurance Services" discusses various issues relating to life insurance marketing. The author insists on the importance of applicability of marketing concept to the life insurance and discusses various strategies in the marketing of life insurance.

Mishra, M. N.made(1918) a study to appraise the marketing strategies of LIC of India. While reviewing the marketing strategies, the author felt that before 1980 LIC did not give much attention to the objective of customer satisfaction. But from 1980 onwards, the Corporation has taken several remedial measures to provide better customer services and improve the consumer satisfaction.

Ashis Deb Roy(1922) in his article entitled "We care for Our Customers" has examined the nature and importance of better customer services to policyholders and has emphasized the need for quality in service. He has given a detailed note on the various steps to be taken by LIC to improve the customer service such as training programmes conducted by LIC to its agents and employees, opening new branches and introducing of computers in LIC branch offices.

Rao B. S. R. and Appa Rao(1931) Machiraju in their article entitled "Life Insurance and Emerging Trends in Financial Services Market" contends that the agents of life insurance should improve their services to the level of financial expert. Agents should change themselves to the current economic environment where they do their work. The authors felt that the change in the economic scenario would help the Corporation in the marketing field.

Raghunadhan(1933) in his article "Population Insurable and Insured" made an attempt to analyse the insurance coverage of the insurable population and concluded that more self-employed and agricultural labourers are to be tapped. The author gave a suggestion to improve and introduce new schemes to satisfy the groups.

Patki V. V.(1935) in his article, "Rural Marketing", discussed the problems of selling the life insurance in the rural areas and gave many suggestions to penetrate into the rural market. The suggestions are participation in village fairs, using audio-visual methods and explaining the merits of the life insurance to the villagers etc.

Shejwalker(1938) in his article, "Training in Life insurance Marketing", discussed the importance of trained agents force to develop the life insurance business. He stressed that present selection pattern of the agent should be changed. He expressed his opinion that a private or an independent institute should be invited to impart training to the agents.

R.M. (1941) A study on Role of New India Assurance Company Limited in providing Rural Insurance Schemes‖ by T. Margaret Radha Rani reveals that the insurance company was not in a position to show effectively and efficiently in providing rural insurance schemes in Tirunelveli District. Roy in his thesis entitled ―Life Insurance in India Its History, Law, Practice and Problems‖, has highlighted the significance of life insurance service. This study deals with some of the problems faced by policyholders and throws light on the several scientific measures to expand the life insurance business.

Seetaramaiah (1964) in his article entitled "Fluctuations in New Business" identified the reasons for heavy workload on new business during the year ending period. He suggested some steps to overcome them. They are closing the half yearly accounts in September, giving heavy discount for the premium received in the first quarter, giving a special rebate of premium in the lean months, and completing the promotion and posting of officials by the first week of April.

Malcolm.P. and MC.Nair (1968), in the book entitled ―Marketing and the Social Challenge of our Times‖, amidst this atmosphere the attempt to nationalize insurance was insisted repeatedly and the President of India promulgated an ordinance for nationalization of insurance business on 19th January, 1956. By that Life Insurance (Emergency Provision) ordinance the management and control of life assurance business in India including the foreign

business of Indian insurers and Indian. The Life Insurance business thus passed from the private sector to the public sector. The essence of Marketing is the exchange of process. This is a process by which two or more parties give something of value to one another to satisfy the needs. Although marketing has always been present in business, its importance has varied greatly. Marketing activities are those most directly concerned with the demand stimulating and demand fulfilling efforts of a firm. These activities interact with one another as components of the total system by which a company develops and make its products available in the market. Many scholars considered this definition as too narrow. Malcolm Mc.Nair suggested a broad definition of marketing as it is the creation and delivery of a standard of living.

RESEARCH METHODOLOGY

A quantitative research approach is generally characterized by a small amount of studied variables on a larger scale of respondents. This approach typically means that a population is examined by investigating a sample of that population. The findings gained from that sample represent the entire population and the findings of the sample can thus be generalized across this population. To enable a generalization across the population it is important that the research is carried out in a standardized and structured way and also in measureable terms. In order to present the findings in a formalized manner the findings need to be measurable and presentable in statistics. (Bryman & Bell, 2011).

Research Design

Research design outlines the procedures for obtaining the information needed to structure or solve business research problems. It gives a framework or blueprint for the study, suggesting the type of data to get or observations to make, how to analyse them, and the possible conclusions that can be drawn from the analysis.

The present study has collected relevant demographic data from the respondents such as gender, age, income, educational qualifications, marital status, family type, and family size to examine the effectiveness of customer satisfaction determininants techniques according to the demographics of respondents.

Data Collection

One of the cardinal principles of data collection is to exhaust all secondary data sources before collecting primary data. Data sources of any scientific research include both primary and secondary. To collect secondary data, at first, the researcher reviewed articles related to research objectives that appeared in the scholarly literature. Published journals and proceedings of national and international conferences were systematically scanned for articles or studies related to the present topic of study and collected for review.

Further, Data was collected from primary sources i.e. from retail walk-in customers during the on-going of sales promotion schemes. The questionnaire survey was made with the help of IDBI employees and customers.

Tools Used for Data Analysis

- Descriptive statistics
- Mean Analysis
- Multiple Regression
- Factor Analysis

Sampling

A convenience sample of 300-foot walk in customers to the IDBI in ********city is used in the present study, because it is the best sampling method while dealing with large sample sizes and infinite population. In addition, most of the earlier research studies also adopted the convenience sampling method. Since, customers are dispersed over wide geographical area; the sample is taken from the prominent retail outlets.

A total of 177 filled-in questionnaires were collected, 20 questionnaires were half-filled, which were removed from the sample for further analysis, leaving finally 157 valid, usable respondent.

Data analysis And Interpretation

This chapter will detail about the data analysis of this study. Analyses have been done in accordance with the objectives.

Descriptive Statistics

Descriptive statistics aims to summarize the data set quantitatively without applying any statistical formulation. It helps in framing out the possible analytical methods that are applicable based on the distribution of the sample data. Descriptive statistics provide simple summaries along with graphical analysis. Descriptive statistics form the basement for further quantitative analysis. It provides a snap shot of the situation under study.

Table 4.3.6 Analysis for Family

Type of family					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	75	47.8	47.8	47.8
	Joint	60	38.2	38.2	86.0
	Nuclear	22	14.0	14.0	100.0
	Total	157	100.0	100.0	

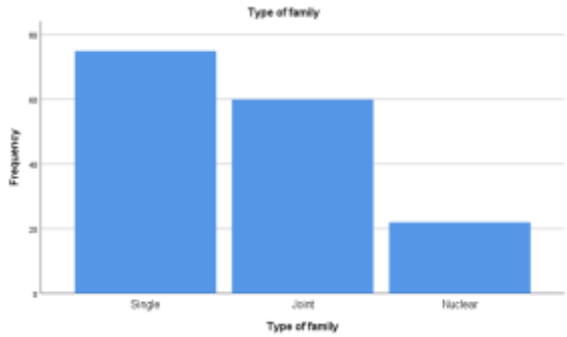

Chart 4.3.6 Family Type

Inference

From the collected samples, 22 respondents were living as nuclear family, and 60 were belonging to joint family. Majority of the respondents were single.

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21488.704	5	4297.741	48.871	.000[b]
	Residual	13279.016	151	87.941		
	Total	34767.720	156			
a. Dependent Variable: Purchase_Decision						
b. Predictors: (Constant), Assurance, Reliable, Responsiveness, Tangible, Empathy						

Customer satisfaction predictors were regressed on purchase desicion. Significance of F statistics (significant at $p < .01$) indicating that the customer satisfaction are impacting purchase decision significantly. Multiple adjusted co efficient of determination value (adjusted R2=0.618) indicating 61 percent of the variability in purchase desicion has been explained by the customer satisfaction variables.

FINDINGS

- The perception about customer satisfaction attributes in insurance services from customers point of view shows that it's Responsiveness, Empathy and Assurance which were perceived higher among customers. Tangibility is the least perceived factor.
- The mean value of all the five factors of customer satisfaction was 4.20, indicating that the general perception about the service was "above average".
- The reliability statistics showed that all the 29 psychometric variables taken for the study have Cronbach's alpha values greater than 0.70 in insurance services and greater than 0.80.
- The factor analysis which was performed to factorize the 29 psychometric variables showed clear convergence of all variables towards 5 factors of customer satisfaction and purchase decision.
- The Kaiser-Meyer-Olkin measure (KMO) value for sampling adequacy is .719. The significance value for Bartlett test for sphericity is .000 which is highly significant even at 1% level of significance.
- The first factor comprising variables v1 to v4 was named Tangibility, the second factor comprising variables from v5 to v9 was named Reliability, the third factor comprising variables from v10 to v13 was named Empathy, the fourth factor comprising variables from v14 to v17 was named Responsiveness and the fifth factor comprising variables from v18 to v22 was named Assurance. Finally the last factor having set of variables from v23 to v27 was named purchase decision.
- All the factor loadings were higher than 0.60 and the cross loadings of a variable in two factors were less than 0.20 there by establishing convergent and discriminant validity.
- Multiple regression results in insurance services showed that there is significant impact of customer satisfaction attributes on purchase desicion. The R square value is .601 stating that

60% of the variance in the dependent variable is explained by all the independent variables.

- The factors- Responsiveness, Assurance, empathy, and reliability have significant contribution towards customers purchase decision.
- The Variance Inflation Factor (VIF) values were less than 3 ensuring low levels of multi Collinearity.
- In insurance services assurance factor which was perceived least has major impact of purchase decision.

DISCUSSION

Customer satisfaction is an overall feeling a customer has about a service immediately after a service encounter (Ladhari, 2009). Hence the relationship between service quality and customer satisfaction is of paramount importance in order to have long term satisfied customers. In this research overall satisfaction was used in the place of customer satisfaction as satisfaction levels were measured from both patients and their attendant's perspective.

Customer satisfaction is one of the main aspect upon which a service is valued. Several former studies have highlighted the relationship that exists between service quality and customer satisfaction. Service quality is a long term attitude towards a service, hence if a customer develops a bad attitude with a particular service; it may not be easy to satisfy him in service industries like insurance.

In insurance services the factorization yielded results identical to one specified by Parasuraman et al. (1993) and Cronin and Taylor (1991). The variables showed high level of Unidimensionality when factor analysis was conducted separately. Results confirmed the five factors of customer satisfaction namely, reliability, responsiveness, empathy, assurance, and tangibles.

Regression models explained high levels of variance in the purchase desicion by a set of independent variables. The customer satisfaction attributes reliability, Responsiveness, Assurance and empathy were significant contributors towards overall customer satisfaction in private sector insurance services.

SUGGESTION

Insurance providers should give more priority to specify futures of insurance policy as product was found to have more impact on purchase decision followed by people, which was influenced purchase decision after aforesaid factor. Since services industry is ascertained as a people intensive industry, people who participated in moments of truth have to be considered with greater importance.

Insurance executives have been playing an irrefutable role in customers' purchase intention subsequently customer satisfaction after purchase thus motivating executives could increase customer oriented behavior, appropriate internal marketing practices to identify employees' needs and wants help to satisfy them which ultimately results on customer satisfaction.

Insurance providers should concentrate on grievance handling process as many of the respondents reported that they were dissatisfied with grievance handling process of the providers.

The core message of health insurance is yet to reach the lower segment. Most of the people consider insurance as general product, they did not have adequate knowledge about different kind of insurance such as life insurance, health insurance, accident insurance, and auto insurance. Thus unambiguous promotions need to be done, periodic promotional campaign will help to create awareness and reduce ambiguity about insurance products.

People must be educated regards the need of health insurance by service providers, this will not only help to acquire more customers but also to protect the people from unexpected financial burden.

False promises should not be given either by company through promotions or by executives during the service encounter. Most of the respondents trust level found to be very low because of false promises and statements given by insurance providers.

CONCLUSION

Health is the vital part of any human and in contemporary era where diseases are more prevalent, it is extremely important to safe guard against them. Insuring health against these eventualities is no more an option. Research findings ascertained the importance of employees to provide better customer satisfaction, as assurance construct found to be major determinant factor of customer satisfaction. The

respondents' awareness level, knowledge about the insurance, trust on insurance, service experience, and other constraints were significantly differing in accordance with respondents' demographic characteristics. It is the responsibility of health insurance companies to address these concerns to achieve maximum penetration.

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