

**Abstract:-**

Insurance has become an integral part of man's financial planning. People buy life insurance with different expectations depending up on their income, locality, gender, dependents, education, occupation awareness about need of life insurance etc. Customers form their expectations about life insurance products or services on the basis of their past experiences, experiences of others, advice of friends, relatives, information provided by marketers as well as competitors. There is always a certain minimum desired level of service performance the customers are ready to accept. Customer satisfaction or dissatisfaction mainly depends up on the fulfillment or non fulfillment of customer expectations about services rendered by the insurers. The present research is an attempt to know the expectations of urban and rural customers of LIC towards SERVQUAL parameters of Parasuraman et.al. (1985).



One Sample't' test and ANOVA have brought in use to test the hypothesis. The hypothesis, 'the quality expectations of customers from the LIC of India differ from customer to customer' is rejected to the limit of comparison of agreement of customers from urban and rural area towards SERVQUAL parameters.

## EXPECTATIONS OF URBAN AND RURAL LIC CUSTOMERS: A SERVQUAL APPROACH

**Keywords:**

life insurance, SERVQUAL, financial planning, expectations, satisfaction, awareness,

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## INTRODUCTION

Life Insurance is an umbrella that covers the financial risk of a person. It is the mechanism that spreads the risk of a person over a large number of people against different types of contingencies such as death of a person due to accident or sickness etc. It is an arrangement where losses of a few are extended over several who are exposed to similar risks. Today, life insurance has become a necessity of life along with food, clothing and shelter. Along with financial protection it provides a better source of investment for the people. It is one of the assured sources of provision for old age when earnings of a person are either stopped or reduced. Further, the shocks due to accidents, sickness etc. can be absorbed with the help of life insurance policies. Insurance has become an integral part of man's financial planning. People buy life insurance with different expectations depending up on their demographic profile.

## CUSTOMER EXPECTATIONS, SATISFACTION AND GAP:

Customer expectation and customer satisfaction are correlated terms. Usually, customers desire something from the service and the service provider. Customer expectations are the desired level of performance of the services. There is always a certain minimum desired level of service performance the customers are ready to accept. Customers form their expectations about a product or service on the basis of their past experiences, experiences of others, advice of friends, relatives, information provided by marketers as well as competitors. These expectations differ from customer to customer, service to service and even within a service. The promise given by the marketer about performance of the product or service also leads to higher or lower the expectations of the customers. The firm has to take utmost care to meet the promise in case of higher expectations and in case of lower expectations to create curiosity and to attract them towards product/service. It should try to provide service in such a way that the variations in performance will be accepted by the customer and will not lead to frustration and dissatisfaction. (Christopher Lovelock & Jochen Wirtz 2004)

The satisfaction level of a customer depends upon the performance of the product or service in comparison to the expectations. Normally, there is a gap between the expected performance and experienced performance. (Pandiyaa F. K. et. al. 2012) Customers' expectations and needs are different from each other. Prior to consumption they expect certain level of performance from the service. However, the actual performance may not be the same as expected; there may be a gap between these two i.e. expected performance/standard performance and actual performance perceived by the customer.

If the performance falls short of his expectations, the customer is dissatisfied. If the performance matches his expectations, the customer is satisfied. If the performance exceeds his expectations, the customer is highly satisfied or delighted. (Kotler P. and Keller, K. 2006) If he is satisfied with a particular product or service after its use, they are more likely to go for repeat purchase. The satisfaction level of a customer depends upon the performance of the product or service in comparison to the expectations.

Parasuraman et.al. (1985) stated five SERVQUAL dimensions to assess the quality of service viz. tangibles, assurance, responsiveness, reliability and empathy consisting twenty one variables. Some statements in SERVQUAL dimensions are framed in different manner but without changing its meaning and direction for better understanding of respondents. For the present research some of the statements are altered without changing the meaning and direction.

The first SERVQUAL dimension 'tangibles' contains four parameters, of which four variables are SERVQUAL parameters viz. 'Employees of LIC are neat in appearance', 'Office layout and physical facilities at branch are impressive, convenient and visually appealing', 'Uses of modern devices & modern looking equipments' and 'Quality of documents, brochures, pamphlet is good'.

The second SERVQUAL dimension is 'reliability' that consists five parameter viz. 'LIC performs service at the time it promised to do so', 'When customers have a problem, LIC shows a sincere interest in solving it', 'LIC performs the service right the first time', 'the documents received from LIC are error free. (Receipts, policy document, letters, messages, e mail etc)' and 'When LIC promises to do something by a certain time, it will do so'.

The third dimension in SERVQUAL model i.e. 'responsiveness' consists four parameters 'LIC gives prompt services to the customers', 'Employees of LIC always help customers', 'Employees of LIC respond customer requests immediately' and 'Employees of LIC tell the customers about when the service will be performed'. Amongst these 4 parameters 'LIC gives prompt services to the customers' was applicable to all i.e. 2500 samples and the rest were applicable to only those respondents who visited the branch of LIC i.e. 788 urban samples and 668 rural samples.

The fourth SERVQUAL dimension 'assurance' also contained four variables viz. 'Dealing with LIC is safe and worry less', 'Feel confident while dealing with LIC', 'LIC employees are courteous with me' and 'Employees of LIC have satisfactory knowledge'. The first two parameters were applicable to all 2500 samples and the rest were supposed to be responded by those who visited the branch of LIC i.e. 788 urban samples and 668 rural samples.

The fifth and last SERVQUAL dimension 'empathy' contains four variables that are applicable to those samples who visited LIC branch. The parameters are 'Employees of LIC understand our specific needs', 'Employees of LIC give individual attention', 'LIC has convenient operating hours to all customers'

and 'LIC has employees who give personal attention'.

**RESEARCH METHODOLOGY:**

The research is descriptive inferential in nature that describes the expectations of the respondents about SERVQUAL dimensions of service quality in life insurance. The hypothesis, 'the expectations of customers from the LIC of India differ from customer to customer' was set to test. The study was undertaken with the objective 'to know expectations of the customers of LIC on SERVQUAL dimensions'. A sample of 2500 was selected from the policyholders of LIC of India in Kolhapur district of Maharashtra (India). Quota sampling method has been used to collect data. The primary data has been collected from all twelve tahasils in Kolhapur district and all eleven branches of LIC in the district. Effort has been made to collect the data from samples with different demographic profile including urban and rural. The secondary data related to conceptual framework was collected through reference books, journals, newspapers, websites, office records of LIC of India, by visiting the Divisional Office situated at Kolhapur and Branch Offices spread in Kolhapur District.

A Structured Schedule was used to collect primary data from the respondents. The schedule was divided into different parts. The questions in the schedule were close ended and codified so as to facilitate data feeding and analysis. The first part of schedule consisted of information related to demographic profile of the respondents and the second part consisted twenty one statements related to SERVQUAL dimensions of service quality as stated by Parasuraman et. el.(1985). Five point Likert scale as 1=strongly disagree and 5=strongly agree was used to measure the expectations on SERVQUAL statements. The statistical tools percentage, mean, SD, one sample't' test, and ranks were used for analysis and interpretation. One sample 't' test was applied to test the hypothesis and to draw the conclusions. SPSS software was brought in use for analysis. The secondary data was also tabulated and then processed using MS Excel.

**SAMPLING:**

Data have collected from urban as well as rural samples from all branches and tahasils of Kolhapur district of Maharashtra State of India. The urban respondents are from the municipal corporation and nagar palika areas. Kolhapur city (Municipal Corporation), Ichalkaranji, Jaysingpur, Peth Vadgaon, Malkapur, Kagal, Gadhingalj, Panhala are the nagar palikas. The rural respondents are from villages. The policyholders reside in different localities i.e. urban or rural. An urban resident may take life policy from the branch situated in urban or rural area and vice versa. Policyholders' place of residence is taken as the criteria for classifying the samples in urban and rural.

Out of 2500 samples 1321 i.e. 52.8% respondents are from urban area and 1179 i.e. 47.2% respondents are from rural areas.

**ANALYSIS AND INTERPRETATION OF DATA:**

The comparison of category wise SERVQUAL score has been analyzed independently for urban and rural samples to check the possibility of difference. This is shown in the table number 1 to 8.

**Table 1**  
**Descriptive SERVQUAL for Urban Samples**

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
Assurance	1321	3.8978	.67206	.01849
Reliability	1321	3.6194	.58343	.01605
Tangibles	788	3.2490	.64280	.02290
Empathy	788	3.3023	.69775	.02486
Responsiveness	1321	3.4868	.94097	.02589

Source: (Processed field data)

Table 1 shows the description of SERVQUAL categories for urban samples shows mean score ranging from 3.2 to 3.8 with standard deviation ranging from 0.58 to .94. The mean score reveal little agreement on the variables under five categories of SERVQUAL model. The less standard deviation states that there is uniformity into agreement of statements asked to opine on about SERVQUAL parameters.

**Table: 2**  
**SERVQUAL Urban Samples Test of Significance**

One-Sample Test						
	Test Value = 3					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Assurance	48.554	1320	.000	.89780	.8615	.9341
Reliability	38.585	1320	.000	.61938	.5879	.6509
Tangibles	10.876	787	.000	.24905	.2041	.2940
Empathy	12.164	787	.000	.30235	.2536	.3511
Responsiveness	18.801	1320	.000	.48675	.4360	.5375

Source: (Processed field data)

Table number 2 shows that the categories of SERVQUAL model put to test using one sample 't' test at test value 3 at 95% level of confidence. The test reveal significant since the 'p' value is 0.000, shows enough statistical evidence that the quality parameters are up to the mark.

**Table: 3**  
**Descriptive SERVQUAL for rural samples**

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
Assurance	1179	3.9211	.67244	.01958
Reliability	1179	3.6570	.60386	.01759
Tangibles	668	3.2066	.62147	.02405
Empathy	668	3.2388	.69147	.02675
Responsiveness	1179	3.4241	.98059	.02856

Source: (Processed field data)

Table number 3 shows the description of SERVQUAL categories for rural samples shows mean score ranging from 3.2 to 3.9 with standard deviation ranging from 0.60 to .98. The mean score reveal little agreement on the variables under five categories of SERVQUAL model. The less standard deviation states that there is uniformity into agreement of statements asked to opine on about SERVQUAL parameters.

**Table:4**  
SERVQUAL rural samples test of significance

One-Sample Test						
	Test Value = 3					
	t	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Assurance	47.035	1178	.000	.92112	.8827	.9595
Reliability	37.356	1178	.000	.65696	.6225	.6915
Tangibles	8.591	667	.000	.20659	.1594	.2538
Empathy	8.925	667	.000	.23877	.1862	.2913
Responsiveness	14.850	1178	.000	.42409	.3681	.4801

Source: (Processed field data)

Table number 4 shows that the categories of SERVQUAL model put to test using one sample 't' test at test value 3 at 95% level of confidence. The test reveal significant since the 'p' value is 0.000, shows enough statistical evidence that the quality parameters are up to the mark.

Comparing the pattern of behavior of samples from urban and rural area no significant difference found in the opinion.

To check the independent opinions' of urban and rural samples about SERVQUAL model ANOVA test has conducted as follows.

**Table 5**  
Description of SERVQUAL category wise comparison of urban samples

ANOVA					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	290.918	4	72.729	137.713	.000
Within Groups	2922.631	5534	.528		
Total	3213.548	5538			

Source:(Processed field data)

Table number 5 shows the significance of f test at 95% level of confidence states that the there is significant difference into agreements of urban samples on categories of SERVQUAL. The detailed description of same has given below.

Table 5 shows that there is significant difference into the agreement opinion of samples for different categories of SERVQUAL model. The significant difference does not found in between tangibles and Empathy categories of model.

The parameter Assurance found to be positively significantly different as compared to rest all categories i.e. reliability, tangibles, empathy and responsiveness.

**Table:6**  
SERVQUAL category wise comparison using ANOVA for urban samples



Multiple Comparisons						
Tukey HSD						
(I) group	(J) group	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Assurance	Reliability	.27843*	.02828	.000	.2013	.3556
	Tangibles	.64876*	.03271	.000	.5595	.7380
	Empathy	.59546*	.03271	.000	.5062	.6847
	Responsiveness	.41105*	.02828	.000	.3339	.4882
Reliability	Assurance	-.27843*	.02828	.000	-.3556	-.2013
	Tangibles	.37033*	.03271	.000	.2811	.4596
	Empathy	.31703*	.03271	.000	.2278	.4063
	Responsiveness	.13263*	.02828	.000	.0555	.2098
Tangibles	Assurance	-.64876*	.03271	.000	-.7380	-.5595
	Reliability	-.37033*	.03271	.000	-.4596	-.2811
	Empathy	-.05330	.03661	.591	-.1532	.0466
	Responsiveness	-.23770*	.03271	.000	-.3270	-.1484
Empathy	Assurance	-.59546*	.03271	.000	-.6847	-.5062
	Reliability	-.31703*	.03271	.000	-.4063	-.2278
	Tangibles	.05330	.03661	.591	-.0466	.1532
	Responsiveness	-.18440*	.03271	.000	-.2737	-.0951
Responsiveness	Assurance	-.41105*	.02828	.000	-.4882	-.3339
	Reliability	-.13263*	.02828	.000	-.2098	-.0555
	Tangibles	.23770*	.03271	.000	.1484	.3270
	Empathy	.18440*	.03271	.000	.0951	.2737

\*. The mean difference is significant at the 0.05 level.

Source:(Processed field data)

Table number 6 reveals that the Parameter reliability found to be negatively significantly different compared to assurance but found to be positive significant different compared to tangibles, empathy and responsiveness.

Tangibles parameters are found to have negative significant difference as compare to assurance, reliability, empathy and responsiveness. The same is with the parameter empathy.

The last parameter is responsiveness which has negative mean difference with assurance and reliability and positive mean difference with tangibles and empathy.

It can be said that the parameter Assurance is the category which is ahead of all categories in the agreement of samples followed by reliability, responsiveness, empathy and tangibles.

**Table:7**  
Description of SERVQUAL category wise comparison rural samples

ANOVA					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	337.945	4	84.486	153.953	.000
Within Groups	2671.450	4868	.549		
Total	3009.395	4872			

Source:(Processed field data)

Table 7 indicates the significance of f test at 95% level of confidence & states that the there is significant difference into agreements of rural samples on categories of SERVQUAL. The detailed description of same has given below.

**Table:8**  
SERVQUAL category wise comparison using ANOVA for rural samples

Multiple Comparisons						
Tukey HSD						
(I) group	(J) group	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Assurance	Reliability	.26416*	.03051	.000	.1809	.3474
	Tangibles	.71453*	.03587	.000	.6166	.8124
	Empathy	.68235*	.03587	.000	.5845	.7802
	Responsiveness	.49703*	.03051	.000	.4138	.5803
Reliability	Assurance	-.26416*	.03051	.000	-.3474	-.1809
	Tangibles	.45037*	.03587	.000	.3525	.5483
	Empathy	.41818*	.03587	.000	.3203	.5161
	Responsiveness	.23287*	.03051	.000	.1496	.3161
Tangibles	Assurance	-.71453*	.03587	.000	-.8124	-.6166
	Reliability	-.45037*	.03587	.000	-.5483	-.3525
	Empathy	-.03219	.04053	.932	-.1428	.0784
	Responsiveness	-.21750*	.03587	.000	-.3154	-.1196
Empathy	Assurance	-.68235*	.03587	.000	-.7802	-.5845
	Reliability	-.41818*	.03587	.000	-.5161	-.3203
	Tangibles	.03219	.04053	.932	-.0784	.1428
	Responsiveness	-.18532*	.03587	.000	-.2832	-.0874
Responsiveness	Assurance	-.49703*	.03051	.000	-.5803	-.4138
	Reliability	-.23287*	.03051	.000	-.3161	-.1496
	Tangibles	.21750*	.03587	.000	.1196	.3154
	Empathy	.18532*	.03587	.000	.0874	.2832

\*. The mean difference is significant at the 0.05 level.

a. APC = 2

Source: (Processed field data)

Table 8 reflects same results which are there with urban samples.

**HYPOTHESIS TESTING:**

The hypothesis, the quality expectations of customers from the LIC of India differ from customer to customer is rejected and the null hypothesis i.e. the quality expectations of customers from the LIC of India is same customer to customer is accepted to the limit of comparison of agreement of customers from urban and rural area towards SERVQUAL parameters.

**FINDINGS:**

1. The samples from urban Kolhapur are 52.8% and of rural is 47.2%. Samples from urban area are more by 5.6% than rural area.
2. It has found that the mean scores on the opinions of samples for SERVQUAL dimensions range from 3.2 to 3.8 with standard deviation from 0.58 to .94. The mean scores reveal little agreement on the variables under five categories of SERVQUAL model.
3. As standard deviation is less, it is found that there is uniformity in the opinions of the samples on the statements under SERVQUAL model.
4. The one sample 't' test revealed that the 'p' value is 0.000 and the test is significant showing enough statistical evidence that the quality parameters are up to the mark.
5. Description of SERVQUAL categories for rural samples showed mean scores ranging from 3.2 to 3.9 with standard deviation ranging from 0.60 to .98. This indicates little agreement on the variables under five categories of SERVQUAL model.
5. It has found that there is less standard deviation in the opinions of rural samples indicating uniformity into agreement of statements asked to opine on about SERVQUAL parameters.
6. Comparing the pattern of behavior of samples from urban and rural area, no significant difference is found in the opinions.
7. It is found that there is significant difference into agreements of urban samples on categories of SERVQUAL.
8. The significant difference did not found in between tangibles and Empathy categories of model.
9. The parameter Assurance found to be positively significantly different as compared to rest all categories i.e. reliability, tangibles, empathy and responsiveness.
10. It has observed that parameters in Tangibles are found to have negative significant difference as compare to assurance, reliability, empathy and responsiveness.
11. It has revealed that Assurance category is ahead of all categories in the agreement of samples followed by reliability, responsiveness, empathy and tangibles.
12. It has found that the quality expectations of customers from the LIC of India is same customer to customer is accepted to the limit of comparison of agreement of customers from urban and rural area

towards SERVQUAL parameters.

#### SUGGESTIONS:

1. The parameter of marketing mix in services i.e. 'People' should be taken care of by LIC.
2. Physical infrastructure is needed to be improved with professionalism.
3. As the demographic features of rural customers are different from the urban, it is necessary to have modified grievance redressal mechanism for rural branches.
4. Samples expect multiple benefits from single policy. This leaves scope for the product design with multiple benefits. It needs to find out what multiple benefit customers expect. Even the benefits as per different segments may be thought off.
5. Language used in the advertisements should be understandable especially to the rural population.
6. The advertisements should provide complete or maximum information about the product features.
7. LIC should try to reduce waiting time of the policyholders especially, the urban branches.
8. The mechanism/procedures for change in address, change in nomination, loan facility, claim settlement and grievance handling should be displayed in the prominent place at each branch so that the customers can get easy information about the procedures of the same and do not get confused as to where to go and to whom to approach.
9. Individual agents of LIC should nurture themselves as professionals and should be very polite, courteous and on his feet to help them.
10. LIC employees must have up to date knowledge of the products and other procedural matters so as to answer the queries of the customers
11. Understanding the reasons for dissatisfaction is the first step towards fulfillment of expectations of the customers, therefore, the insurer should analyze the reasons for dissatisfaction caused to the policyholders and
12. The Office layout and physical facilities of branch are needed to be improved. Further, understanding the needs of the customers and to have employees who provide personal attention towards the customers is the key area to improve the service quality of Kolhapur-I branch.

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