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A STUDY ON CUSTOMER SATISFACTION TOWARDS PRIVATE INSURANCE COMPANIES IN KANYAKUMARI DISTRICT



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Short Profile

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ABSTRACT:

The insurance is primarily a social device adopted by civilized society for mitigating the incidence of loss of income to families by unforeseen contingencies. In India, when life insurance companies started operating in the middle of 20th century the evil pay natural to all business had its away. There was a lot of cutthroat competition as well as profiteering. The avowed social objective of insurance had been totally relegated to background. As a result Life Insurance Corporation of India (LIC) came into existence on 1st September, 1956 after nationalization of all the 245 companies engaged in life insurance business. From its very inception, the corporation has made impressive growth always striving for further improvement.

KEYWORDS

Customer Satisfaction , social device , Life Insurance Corporation of India (LIC) , economic policy .

INTRODUCTION

However, government made paradigm shift in the economic policy by adopting the process of liberalization, privatization and globalization at the end of previous decade chairmanship of Mr. Malhotra. Ex-governor of RBI for understanding various reforms in the insurance sector in the light of new economic policy. The committee, which submitted his report in 1993, recommended the establishment of a special regulatory agency along the lines of SEBI and opening of insurance industry for private sector. This was aggressively opposed by the various trade unions of then operating insurance companies, which led to some delay in implementation of Malhotra Committees recommendations. The Government passed Insurance Regulatory and Development Authority (IRDA) Act in 1999 and established IRDA to regulate the insurance business in the country. Private sector was allowed entry both in general and life insurance sector in India. IRDA also allowed foreign participation up to 29 percent in equity shareholding of private companies. As a result many companies got themselves registered with IRDA to operate in India.

Life insurance trends to increase the sense of responsibility of the individual, and offers a scope for the exercise of these qualities of foresight and solicitude for ones family. The man, who enters married life, without considering not only the probabilities, finds himself encumbered with responsibilities which he can not transfer to others, and which will continue to be a source of anxiety in the future. Life insurance is one of the agencies, which improves the mental, moral and/or material circumstances of the citizens, raises the condition of the community of which they are members, thus benefiting the state. Thus its promotes the welfare of the society by properly protecting the social unit the family.

REVIEW OF LITERATURE

Hifza Malik in his article titled, "Determinants of Insurance companies profitability: An Analysis of Insurance sector of Pakistan" 2011 concluded that the Insurance services are now being integrated into wider financial industry and the insurance sector plays an important role in service based economy of Pakistan profitability is one of the most important objectives of financial management because one goal of financial management is to maximize the owner's wealth and profitability is very important determinants of performance. The insurance sector plays an important role in the service-based economy and its services are now being integrated into wider financial Industry. The insurance sector continues on its sluggish pace of growth and gradually increasing penetration of insurance services. The insurance industry has enjoyed robust growth in the last few years, driven by favorable economic conditions, expansion of the financial sector as a whole, privatization of large state-owned entities and foreign investments. Generally, the firms profitability, and Insurer's performance is related to such potential determinants as company's size, loss ratio, investment ratio, capital structure and the growth of written insurance premiums past performance.

Hasan Salih Suliman Al-Qudah in his article titled (2011) "Hand in Hand with Jordanian Health Care Insurance: A Challenge of improvements" state that health insurance sectors highlighted a critical need for policy formulation and assessment, unless privatization and the developments of health insurance seen is managing well then only it or may have negative impact of delivering health care especially to a large segment of population in the country at high quality and according to satisfying peoples needs of having decent service then it can improve the access of ease care to all thus reflecting on the over all health status in the country rapidly. Jordanian health insurance scenario different from other segments of other insurance business as more complex, because of its serious conflicts arising out

of adverse selection, moral hazard, and information gap problems. For example, experiences from other countries suggest that the entry of private firms into the health insurance sector, if not properly regulated, does have adverse consequences for the costs of care, equity, consumer satisfaction, fraud and ethical standards.

Hanifehzadeh Latif in his article titled (2011) "Studying the Structure of Ownership and Efficiency of Insurance Companies in Iran" Middle – East Journal of Scientific Research (5) : 675-681, 2011 states that the purpose determines the suitable structure of ownership to increase the efficiency of insurance companies. Privatization and attaining to free economics is one ways of increasing efficiency. Knowing about relationship between companies ownership structure and their efficiencies is among the ways through which one can be assured to success of private companies. By having knowledge of relationship between companies' ownership structure and their efficiencies it is possible to take steps towards increasing the companies efficiencies. Increasing the efficiency of insurance companies cause economic growth and development and stability of financial and monetary markets and economic savings. Statistical universe of the present research is active companies at insurance market during the years 2008-2010. for testing the hypotheses of research with applying the information of financial statements companies during 2008-2010 two method has been used: 1 – data envelopment analysis and 2 financial ratio's. He concludes that compared to governmental and other companies private companies with legal block structures enjoy high efficiencies, and that the best structure for donating governmental companies to private sector and investments is private insurance companies with legal block structure.

Deena M Barakah and Shakir Ahmed Alsaleh in their article titled, (2011) "The Co-operative Insurance in Saudi Arabia: A Nucleus to health Reform Policy states that the country's health sector developmental objectives, the kingdom of Saudi Arabia has endeavored to reorganize and improve its health care systems. One area of health sector that has undergone profound change and significant progress is health insurance. A comprehensive health insurance programs – based on the Islamic concepts have been created and implemented through a new government council for co-operative insurance. They state that the co-operative health insurance innovative approach to healthcare development, can serve as a model program for developing countries under going rapid health sector development. Evaluation of its effectiveness in providing improved healthcare in the kingdom of Saudi Arabia may also offer an example for other Arab and Islamic countries with similar healthcare needs. The kingdom's experiment with health insurance is relatively new and full of changes. Takaful health insurance in Saudi society contributed relatively moderate positive impact on certain sectors of Saudi economy, namely insurance industry, private health care business and job market. However, several negative fallbacks also occurred which call for reconsidering other additional solutions for funding healthcare services speaking at the symposium entitled "Health Insurance Conference – Options & Prospects" organized by the Ministry of Health on 2011, the Saudi Minister of Health pointed out that the main aim of applying Co-operative health insurance in the Saudi kingdom is to improve and develop the health sector according to the sound principles of Islamic religion and culture without burdening the citizens, as is the case in many countries. He also stated that there should be more efforts to identify the concept, the purposes and the consequences of insurance, to differentiate between commercial health insurance and co-operative health insurance, and to know that the concept of insurance is not necessarily associated with the privatization of the health sector, led to increasing costs of healthcare with the respect to Takaful insurance sector, our opinions is that the application of co-operative health insurance noble principles can assist in reducing health care cost if this sector re-structured and regulated.

STATEMENT OF THE PROBLEM

The presents study analysis the customers satisfaction towards Private Insurance Companies in Kanyakumari District. Today insurance play an important role in the life of every people. There are many Insurance companies and each companies were introducing a lot of schemes and policies for the welfare of the people. This topic was under taken by the researcher to study throughly about the various privates insurance and schemes introduced by the companies. This study analysis the customer satisfaction towards private Insurance companies in Kanyakumari District.

OBJECTIVES OF THE STUDY

- 1.To exhibit the profile of the respondents.
- 2.To find out the problems faced by the customers of private life insurance in Kanyakumari district.
- 3.To offer suggestions on the basis of the study.

SAMLING PLAN OF THE STUDY

The sampling plan of the study consists of two important parts namely determination of sample size and sampling procedure. The sample size of the study is determined with the help of $n = (Z^2)$

The determined sample size of 824 customers of life insurance policies are distributed to the whole Kanyakumari district on the basis of the population in each blocks/Municipalities on the district. The blocks are considered as rural whereas the Municipalities are treated as urban.

METHODOLOGY

The methodology is descriptive and diagnostic in nature. The data help of structured interview schedule. Techniques like interview discussions and observation are customers. 824 samples were taken for the study. The collected data were subjected to statistical tools such as Garrett Ranking.

Table: 1
Profile of the customers

Characteristics		No, of Respondents		Total
		Urban	Rural	
Total No of Respondents		133	691	824
Age in years	Less than 25	19	179	198
	25-35	26	231	257
	35-45	40	151	191
	45 – 55	34	99	133
	Above 55	14	31	45
	Total	133	691	824
Occupation	House Wife	13	68	81
	Private Employment	30	214	244
	Government Employment	36	131	167
	Business	28	135	163
	Agriculture	16	107	123
	Others	10	36	46
	Total	133	691	824

Level of Education	up to High School	23	95	118
	Pursuing Graduation	17	72	89
	Under Graduate	49	229	278
	Post Graduate	27	151	178
	Professional	13	112	125
	Others	4	32	36
	Total	133	691	824
Gender	Male	97	524	621
	Female	36	167	203
	Total	133	691	824
Marital Status	Un Married	20	219	239
	Married	106	442	548
	Separated	2	29	31
	Widow/ Widower	5	1	6
	Total	133	691	824
Personal Income	Less than Rs. 20,000	21	121	142
	20,001 – 30000	30	178	208
	30,001 – 40000	44	198	242
	40,001 – 50000	18	109	127
	Above 50,000	20	85	105
	Total	133	691	824
Nature of family	Nuclear family	130	465	595
	Joint family	3	226	229
	Total	133	691	824
Family Size	Less that 3	15	76	91
	3 – 4	76	218	294
	5 – 6	26	161	187
	7 – 8	6	106	112
	Above 8	10	130	140
	Total	133	691	824
Number of Educated Population	One	16	160	176
	Two	35	227	262
	Three	46	180	226
	More than three	36	124	160
	Total	133	691	824
Number of Earning members	One	73	456	529
	Two	44	198	242
	Above two	16	37	53
	Total	133	691	824
Family Income per month	Less than 25,000	15	88	103
	25001 – 35000	14	142	156
	35001 – 45000	64	219	283
	45001 – 55000	25	134	159
	Above 55,000	15	108	123
	Total	133	691	824

Source : Primary data from survey

Table: 1 indicates that, 257 of the customers are among the age group of 25-35. 244 of the customers are private employees. 278 of customers are under graduated. 621 customers are male. 548 of the customers are married person. 242 of the customers were family income are 30,0001-40,000. 595 of the customers dominate nature of family among the nuclear family. 294 of the customers family size among 3-4. 262 of the customers number of educated population among household is two. 529 of the customers are earning member per family is one. 283 of the customers family income per month is

Rs.35001-45000.

Table no: 2
Problems faced by the customers

S.No	problems	I	II	III	IV	V	VI	Total
1	lack of understand the primary benefit of the policy	160	133	159	138	140	94	824
2	lack of confidence	145	130	145	135	130	139	824
3	variety of policy options	165	135	160	135	143	86	824
4	lack of policy discount	130	141	55	101	149	248	824
5	lack of encouragement	155	145	155	160	112	97	824
6	lack of compensation	69	140	150	155	150	160	824
	Total	824	824	824	824	824	824	

Rank given by customers on private life Insurance problems

S.No	Problems faced by the customers	Garrett mean score	Rank
1	lack of understand the primary benefit of the policy	52.15	III
2	lack of confidence	50.25	IV
3	variety of policy options	52.58	I
4	lack of policy discount	45.78	VI
5	lack of encouragement	52.40	II
6	lack of compensation	46.84	V

Source: primary data

The tables shows that the customers gave first rank "Varity of policy options" as the problems faced by the customers in Kanyakumari district. The customers gave second rank to the problems "Lack of Encouragement".

SUGGESTIONS

- The private players offer the differential premiums. But the LIC is yet to consider the same. So, it is strongly suggests that premium rate concession should be given to the human lives, considering the higher longevity in to account.
- The customers are very poor in the level of awareness on various life insurance plans. it is advised to conduct various awareness programmes is order to popularize their products among the people by the private players in the life insurance market.
- The insurance players can capitalize its wide network do the needful to launch awareness programmes among people, particularly who live in rural and semi-urban places.
- Insurance players should ensure whether the agents are doing the due follow-ups. The agents must be property instructed about the importance of after sales service convening periodical motivational meetings by insurance players.
- The insurers should take necessary steps to make better advertisements in regional language.

- The premium remainders may be made periodically via SMS to mobiles and E-mails of the customers.
- A part of the savings to the savings to the LIC accruing in the form of unexpended commission may be passed to those who make these direct purchases.
- The private players may open higher number of branches in rural areas at least at all the taluk head quarters.
- Insurers should ensure that timely payment of the death claims is made and no intermediary gets benefited in this process.

CONCLUSION

The present study concludes that the level of customers satisfaction on life insurance products, services, service quality and service providers are varying from moderate to low. The levels of satisfaction on all aspects of life insurance among the rural customers are higher than that among the taken customers. The various quality gaps in life insurance are in negative. It shows that the levels of perception on various qualities in life insurance are not up to their level of expectation. The highly performed insurance payers as per the view of the urban and rural customers are SBI life insurance and Birla Sunlife Insurance Respectively. The quality of insurance especially the experienced and credence quality in life insurance have a significant impact on the customers satisfaction. The rate of impact is noticed as higher among the rural customers than the urban customers. Since the level of expectation of products, services, service quality of the insurers among the urban customers are differing from the rural customers, the insurers are advised to formulate appropriate product and service strategies in order to fulfill the expectation of the different customer segments.

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