_____

POLICY HOLDERS PERCEPTION AND EXPECTATION WITH SERVICE QUALITY OF THE LIFE INSURANCE CORPORATION OF INDIA

T. Siva[1] And Dr. R. Murugupandian[2]
**[1]M.Com., M.Phil., Ph.D Research Scholar , P.G & Research Department of Commerce ,
TBML College, Porayar, Nagapattinam District , Tamilnadu.**
**[2]M.Com, M.Phil, Ph.D., Associate Professor , P.G & Research Department of Commerce ,
TBML College, Porayar, Nagapattinam District , Tamilnadu.**

_____

ABSTRACT :
　　　With the liberalization and internationalization in insurance, service quality has become an important means of differentiation and the path to achieve business success. Such differentiation based on service quality can be a key source of competitiveness for insurance companies. With the increasing demands of the policyholders, the insurance sector has become competitive. In this background, the author has analyzed the perception and expectation of the policyholders with service quality of the Life Insurance Corporation of India. The results showed that policyholders perceive poor service quality of the Life Insurance Corporation of India. All the service quality dimensions show a gap between perceived service and expected service, therefore, the Life Insurance Corporation of India in the study area needs to improve the service quality to close the gaps.

KEYWORDS : *Service Quality, Perception and Expectation of policyholders.*

INTRODUCTION
　　　'Service Quality' is a business administration term used to describe achievement in service. Service quality is an assessment of how well a service is delivered straight to the customers' expectations. Service business operative often evaluates the service quality provided to their customers in order to improve their service, to quickly identify problems, and to better review customer satisfaction. Quality of service is very important, especially for the growth and development of service sector business enterprises (Powell, 1995).
　　　Service quality has been defined by Robinson (1999) as "an attitude or global judgment about the superiority of a service" Service quality of late has emerged as the major attractant to many organizations as a competitive differentiator (Newman, 2001). Measuring the customer satisfaction helps to understand the customers' needs and can thus change strategies accordingly. Customer satisfaction is defined as the result of a cognitive and affective evaluation, wherein a standard comparison is adopted for the actually perceived performance. These days, with the expanded rivalry, benefit quality has turned into a mainstream territory of scholarly examination and has been perceived as a key factor in keeping upper hand and supporting fulfilling associations with clients (Zeithmal et al. 2000).

Service quality reflects both objective and subjective aspects of service. The accurate measurement of an objective aspect of customer service requires the use of carefully predefined criteria. The estimation of the abstract parts of client benefit relies upon the congruity of the normal advantage with the apparent outcome.

_____

_____

This thusly relies on the client's creative ability of the administration they may get and the specialist co-op's ability to introduce this envisioned administration.

SERVICE QUALITY MODEL

Among the models for measuring service quality, the most acknowledged and applied model in diversity of industries is the SERVQUAL (Service Quality) model developed by Parasuraman, et al. The SERVQUAL model of Parasuraman, et al. (1988) proposed a five dimensional construct of perceived service quality tangibles, reliability, responsiveness, assurance and empathy as the instruments for measuring service quality (Parasuramanet el al., 1988; Zeithamlet el al.,1990).

The most notable model is the model of Parasuraman et al. (1985) which is broadly used in the writing. The model endeavors to demonstrate the striking exercises of the administration association that impact the impression of value. Also, the model demonstrates the association between these exercises and distinguishes the linkages between the key exercises of the administration association or advertiser which are appropriate to the conveyance of an attractive dimension of administration quality. The connections are depicted as holes or inconsistencies: in other words, a hole speaks to a critical obstacle to accomplishing an acceptable dimension of administration quality (Ghobadian et al., 1994). Parasuraman et al. (1985) recommended that benefit quality is a component of the contrasts among desire and execution among the quality measurements. They built up an administration quality model dependent on hole investigation. The holes incorporate (Seth and Deshmaukh, 2005):

Hole 1: Customer desire the executives hole. This hole tends to the contrast between client desires and the executives' impression of administration quality.

Hole 2: Management observation benefit quality particulars hole. This hole tends to the contrast between the executives' view of client's desires and administration quality particulars, i.e. ill-advised administration quality benchmarks.

Hole 3: Service quality detail benefit conveyance hole. This hole tends to the contrast between administration quality details and administration really conveyed, i.e. the administration execution hole.

Hole 4: Service conveyance outer correspondence hole. This hole tends to the distinction between administration conveyance and the correspondences to clients about administration conveyance, i.e. regardless of whether guarantees coordinate conveyance.

Hole 5: Expected administration saw benefit hole. This hole tends to the distinction between client's desire and saw benefit. This hole relies upon the size and course of the four holes related with the conveyance of administration quality on the advertiser's side.

As indicated by this model, SERVQUAL scale has proposed by Parasuraman et al. (1988) for estimating Gap 5. Parasuraman, et al. (1985) referenced ten components for assessing administration quality (counting substantial, unwavering quality, responsiveness, politeness, believability, security, openness, correspondence and understanding the client). These ten elements are rearranged and crumbled into five elements. These five measurements are expressed as pursues.

1. Tangibles: Physical offices, types of gear and appearance of faculty.
2. Reliability: Ability to play out the guaranteed administration constantly and precisely.
3. Responsiveness: Willingness to encourage clients and give incite benefit.
4. Assurance: (counting ability, civility, believability and security). Information and cordiality of representatives and their capacity to rouse trust and certainty.
5. Empathy: (counting access, correspondence, understanding the customer).Caring and individualized consideration that the firm gives to its clients.

The SERVQUAL approach contains a poll that assesses five nonexclusive administration measurements or factors through 22 questions, assessing both desire and execution utilizing a Seven Point Likert scale. This methodology assesses benefit quality by ascertaining the distinction (hole) between client desires and discernments (benefit quality= P – E). 'P' means client impression of administration or execution and 'E' indicates desires before an administration experience convey the real administration (Lewis and

_____

_____

Booms, 1983; Parasuraman et al., 1985). On the off chance that the appropriate response is negative, disappointment happens, something else, the Service Quality is accomplished. This condition is generally called hole examination (Zahari et al., 2008), however as it was underscored, this methodology just estimates hole 5.

STATEMENT OF THE PROBLEM

Service organizations in India are facing tough competition in the global market because of liberalization and globalization of the Indian economy. Hence, it is helpful for service organizations to know about the customer service quality perceptions in order to overcome the competitors and attract and retain the customers. Because of the globalization and liberalization of Indian economy, the Indian service sector has been opened for multinational companies. In order to overcome the competition and to retain the world class service standards, Indian companies have been forced to adopt quality management programmes.

With the liberalization and internationalization in insurance, service quality has become an important means of differentiation and the path to achieve business success. Such differentiation based on service quality can be a key source of competitiveness for insurance companies. With the increasing demands of customers/policyholders, the insurance sector has become competitive.

Customers are becoming increasingly aware of their expectations, and demand higher standards of services, as technology is enabling them to make comparisons quickly and accurately. Their perceptions and expectations are continually evolving, making it difficult for service providers to measure and manage services effectively. The trend of insurance companies shifting from a product-focused view to a customer-focused one has been developing recently as insurance products become increasingly hard to differentiate in fiercely competitive markets.

Insurance companies in India are consequently directing their strategies towards increasing policyholder satisfaction and loyalty through improved service quality. It is becoming desirable for insurance companies to develop a policyholder centric approach for future survival and growth. The awareness has already dawned that prompt, efficient and speedy service alone will tempt the existing customers to continue and induce new customers to try the services of the company.

In the life insurance sector, most of the companies have equivalent offerings. Service marketers have realized over the past few years that competition can be well managed through quality. Thus, service quality is imperative to achieve competitive advantage. Poor quality places a firm at a competitive disadvantage. Service quality offers a way of achieving success among competing services, particularly in case of firms that offer nearly identical services, such as life insurance, where establishing service quality may be the only way of differentiating oneself. Such differentiation can yield a higher proportion of customer's choices, and hence mean the difference between financial success and failure. In this background, the researcher has analyzed the perception and expectation of the policyholders with service quality of the Life Insurance Corporation of India.

METHODOLOGY

The present study has been conceptualized in order to analyze perception and expectation of the policyholders with service qualities of the Life Insurance Corporation of India in the branches of Thanjavur division. The study has made use of survey method of research to achieve the set objectives.

DATA COLLECTION

In order to achieve the objectives of this research, data were collected both from the primary sources. The primary data were collected from the respondents through questionnaires. Since the number of customers/ policyholders in each of the branches was large, the customers could not be selected on a proportional basis. 30 customers from each branch were selected for the study. Therefore, 330 customers were selected on the basis of non-probability purposive sampling method.

_____

_____

POLICYHOLDERS PERCEPTION AND EXPECTATION WITH SERVICE QUALITY

The summary of policyholders' perception, expectations with service quality dimensions such as tangibles, reliability, assurance, responsiveness, and empathy is analyzed in table 1.

TABLE 1
POLICYHOLDERS PERCEPTION AND EXPECTATION WITH SERVICE QUALITY

Service Quality Dimensions	Perception		Expectation		
	Mean Score	Mean Score (%)	Mean Score	Mean Score (%)	Service Quality Score
Tangibles	16.97	60.61	24.18	86.34	-7.21
Reliability	18.33	52.37	32.01	91.46	-13.68
Assurance	13.25	47.32	24.82	88.64	-11.57
Responsiveness	12.24	43.71	25.25	90.18	-13.01
Empathy	16.48	47.09	29.34	83.83	-12.86
Average (N=330)	77.27	50.18	135.60	88.06	-58.33

Source: Primary data

Table 1 shows the difference between policyholders' expectations and perceptions of the service quality provided by the study unit in the study area. Out of a maximum score of 154, the average expectation and perception score obtained by the respondents for overall service quality was 135.60 and 77.27. The difference between expectation and perception score was -58.33, which indicates a wide service quality gap perceived by the respondents.

The highly perceived Service Quality Factors among the policyholders is Reliability since its mean score is 18.33. The second Service Quality Factor perceived by the policyholder's is Tangibles since their mean score is 16.97. The next three Service Quality Factors perceived by the policyholders are Empathy, Assurance and Responsiveness since their mean scores are 16.48, 13.25 and 12.24 respectively. However, the highest negative gap score was found in reliability (mean score of -13.68) followed by Responsiveness (mean score of -13.01). Empathy, Assurance and Tangibles was -12.86, -11.57 and -7.21 respectively.

Table further reveals that the respondents have secured negative mean gap score for all five service quality dimensions such as Tangibles, Reliability, Responsiveness, Assurance and Empathy. Therefore, it can be inferred from the table that the policyholders have high expectation whereas their perception was low towards the quality of service provided by the study units. The insurance services provided by the Life Insurance Corporation of India is not upto the expectations of policyholders in the study area.

LEVEL OF PERCEPTION

The level of perception after using the insurance service has been examined to find out the clearer picture regarding their status on the basis of five parameters i.e. Tangible, Reliability, Assurance, Responsiveness and Empathy. The level of perception of the respondents regarding service quality is assumed to be normally distributed. The level of perception of the respondents is divided into three categories, i.e. below average, average and above average levels, which have been defined as Low, Medium and High level of perception respectively. The lower and upper limits of average level have been calculated by using the following formula: Lower limit of average level = Mean - 1 Standard deviation and the upper limit of average level = Mean + 1 Standard deviation. The level of perception of the respondents about the overall service quality of the Life Insurance Corporation in the study area is given in the table 2.

_____

_____

TABLE 2
LEVEL OF PERCEPTION ABOUT OVERALL SERVICE QUALITY

S.No	Level of perception	No. Of Respondents	Percentage
01	Low	180	54.55
02	Medium	104	31.52
03	High	46	13.93
	Total	330	100.00

Source: Primary data

Table 2 shows that out of 330 respondents about 55 per cent of the respondents perceived low service quality followed by nearly 32 per cent of the respondents perceived moderate and 14 per cent of the respondents perceived high level of service quality of the study units. Therefore, it can be inferred from the table that the majority of the policyholders perceives poor service quality with the Life Insurance Corporation of India in the study area.

REGION-WISE DISTRIBUTION AND LEVEL PERCEPTION
The region-wise distribution of the respondents and their level of perception about the overall service quality of the study unit is shown in table 3.

TABLE 3
REGION -WISE DISTRIBUTION AND LEVEL OF PERCEPTION

Region	No. of Respondents			
	Low	Medium	High	Total
Thanjavur District	78 (43.33)	45 (43.26)	27 (58.69)	150 (45.46)
Tiruvarur District	56 (31.11)	21 (20.19)	13 (28.27)	90 (27.27)
Nagapattinam District	46 (25.56)	38 (36.55)	06 (13.04)	90 (27.27)
Total	180 (100.00)	104 (100.00)	46 (100.00)	330 (100.00

Source: primary data, figure in the bracket is a percentage of the total

Table 3 shows that out of 180 respondents who perceived low perception about 43 per cent, 31 per cent and 26 per cent of the respondents were belonging to Thanjavur, Tiruvarur and Nagapattinam districts respectively. Therefore, to find out whether there is any significant difference between region-wise distribution of the respondents and their level of perception about overall service quality, a null hypothesis is framed and tested with the help of ANOVA test. The result is given in table 4.

Null Hypothesis
There is no significant difference between region-wise distribution of the respondents and their level of perception about overall service quality.

_____

_____

TABLE 4
ANOVA TEST

Variables		SS	Df	MS	F	Significance
Region-wise distribution and level of perception	Between sample	3010.67	2	1505.33	8.45	*Significant
	With in sample	1069.33	6	178.22		
	Total	4080.00	8			

*Significant at 5% level

Table 4 reveals that the calculated f-value is greater than that of table the value at 5 per cent level; therefore, the null hypothesis is rejected. Hence, it can be concluded that there is a significant difference between region-wise distribution of the respondents and their level of perception about the overall service quality of the study unit.

GAP ANALYSIS

The Gap Analysis is a technique used to identify the Gap - the difference between the level of perception and expectation of the various service quality dimensions. For this analysis t- test is employed to find if the Gap obtained is significant or not.

Null hypothesis

There is no significant difference in the mean scores between the level of perception and expectation with the various service quality dimensions.

TABLE 5
GAP ANALYSIS

Service Quality Dimensions	Gap	t-value	Result
Tangibles	-7.21	2.51	*Significant
Reliability	-13.68	4.08	**Significant
Assurance	-11.57	5.18	**Significant
Responsiveness	-13.01	8.02	**Significant
Empathy	-12.86	7.69	**Significant
Overall perception and expectation	-58.33	5.36	**Significant

**Significant at 5% level and 1% level, *Significant at 5% level

Table 5 reveals that the calculated t-value is greater than the tabulated value. Therefore, the null hypothesis is rejected, hence, it can be concluded that there is a significant difference in the perception and expectation (GAP) on the service quality dimensions tangibles, reliability, Assurance, Responsiveness and Empathy.

CORRELATION COEFFICIENTS BETWEEN VARIABLES

In order to find out whether there is any significant association between perceptions of the respondents about the service quality dimension and overall service quality, the correlation coefficient is used to test the following hypothesis.

Null hypothesis

The perception about the tangibles, reliability, assurance, responsiveness, and empathy are positively correlated with the overall perception about the service quality of the Life Insurance Corporation.

_____

_____

The test statistic used to test the null hypothesis is

$$t = \frac{r}{\sqrt{(1-r^2)/(N-2)}}$$

TABLE 6
CORRELATION COEFFICIENTS BETWEEN VARIABLES AND DESCRIPTIVE STATISTICS

Variables	Mean	SD	Overall service Quality	Tangible	Reliability	Assurance	Responsiveness	Empathy
Overall service quality	77.27	22.44	1.00					
Tangible	16.97	5.16	0.98**	1.00				
Reliability	18.33	7.35	0.97**	0.92**	1.00			
Assurance	13.25	3.52	0.99**	0.96**	0.99**	1.00		
Responsiveness	12.24	1.88	0.95**	0.89**	0.99**	0.97**	1.00	
Empathy	16.48	3.30	0.99**	0.99**	0.96**	0.99**	0.94**	1.00

The correlation value is significant both at $**p<0.05$ and $p<0.01$,

Table 6 shows the results of testing the relationship between perception of the customers about tangibles, reliability, assurance, responsiveness, empathy and overall service quality. The outcomes of testing the relationship display that tangibles, reliability, assurance, responsiveness, and empathy are positively and significantly associated with the overall service quality.

DEMOGRAPHIC VARIABLES AND LEVEL OF PERCEPTION
To find out whether there is a significant difference between demographic variables of the respondents and their level of perception about service quality, a null hypothesis is framed and test with the help of ANOVA test.

Null hypothesis
There is no significant difference between demographic variables and level of perception about service quality. The result is given in table 7.

TABLE 7
ANOVA TEST

Variable		Sum of Squares	Df	Mean square	F	Result
Gender and level of perception	Between groups	4516	2	2258	10.08	*Significant
	Within groups	672	3	224		
	Total	5188	5			
Age and level of perception	Between groups	3010.67	2	1505.33	1.78	Not significant
	Within groups	5073.33	6	845.55		
	Total	8084.00	8			
Marital Status and level of perception	Between groups	4516	2	2258.00	0.86	Not significant
	Within groups	7914	3	2638.00		
	Total	12430	5			
No. of dependents	Between groups	3010.67	2	1505.33	4.41	Not

_____

and level of perception	Within groups	2047.33	6	341.22		significant
	Total	5058.00	8			
Educational qualification and level of perception	Between groups	2258	2	1129.00	0.74	Not significant
	Within groups	13649	9	1516.56		
	Total	15907	11			
Occupation and level of perception	Between groups	3010.67	2	1505.33	0.88	Not significant
	Within groups	10279.33	6	1713.22		
	Total	13290.00	8			
Income and level of perception	Between groups	3010.67	2	1505.33	3.46	Not significant
	Within groups	2613.33	6	435.55		
	Total	5624.00	8			
No. of earning members and level of perception	Between groups	3010.66	2	1505.33	0.90	Not significant
	Within groups	10077.33	6	1679.56		
	Total	13088.00	8			
Residential Area and level of perception	Between groups	3010.67	2	1505.33	4.31	Not significant
	Within groups	2097.33	6	349.55		
	Total	5108.00	8			

*Significant at 5% level

Table 7 shows that age, marital status, number of dependents, educational qualification, occupation, income, number of earning members and residential area of the respondents have no significant difference in perception of the respondents about overall service quality, which means that the policyholders are not differently perceived about the service quality. However, there is a significant difference between gender and level of perception about the overall service quality of the study unit.

CONCLUSION

To conclude, from results obtained, it is seen that policyholders perceived service quality is poor in all dimensions. In this regard, all the dimensions show a gap between perceived service and expected service, therefore, the Life Insurance Corporation of India in the study area needs to improve the service quality dimensions to close the gaps.

REFERENCE
1. Adrian Pyane, "The Essence of Services Marketing", Seventh Printing, 2002,Prentice- Hall of India Private Limited, New Delhi.
2. Arora, S (2005), Marketing of Financial Services, Deep and Deep Publications Pvt. Ltd., New Delhi, pp. 90-110.
3. Berry, L.L., Bennett, D., & Brown, C. (1989). Service quality: A Profit Strategy for Financial Institutions. Irwin Professional Pub.
4. Govind Apte (2006), "Services Marketing", Oxford University Press, New Delhi.
5. Rust, R.T. and Oliver, R.L. 1994. Service Quality; New Directions in Theory and Practice. Thousand Oaks, California, SAGE Publication.
6. Valarie A. Zeithamal and Mary Jo Bitner, "Services Marketing", Third Edition, 2003, TaTa MC Graw Hill Publishing Company Ltd, New Delhi.

_____

7. Zeithaml, Valerie A., Parasuraman, A. and Berry, Leonard L. (1990), Delivering Quality Service, The Free Press, New York, N.Y

8. Zeithaml, V. A., and M. J. Bitner. (2004) "Service marketing", New York: McGraw-Hill.

9. Ahmed, I., Nawaz, M.,Usman, A., Shaukat, M., Ahmad, N., & Iqbal, H. (2010).

10. Impact of Service Quality on Customers' Satisfaction: Empirical evidence from telecom sector of Pakistan. Interdisciplinary Journal of Contemporary Research in Business, 1(12), 98-113.

11. Bakar, A. I. (2007). ''Service Quality Gap and Customers' Satisfactions of Commercial Banks in Malaysia". International Review of Business Research Papers Vol. 3 No.4 , pp.327-336.

12. Cronin, J.J. and Taylor, S.A. (1992), "Measuring service quality: A reexamination and extension" Journal of marketing, 56 (3), 55-68

13. Dutta, K. D. (2009). "Customer expectations and perceptions across the Indian banking industry and the resultant financial implications". Journal of Services Research, Vol. 9, No. 1 , pp.32-49.

14. Ladhari, R. (2008), "Alternative measure of service quality: a review", Journal of Managing Service Quality, Vol. 18 No. 1, pp. 65-86.

15. Parasuraman, A., Berry, L.L. and Zeithaml, V.A. (1985), "A conceptual model of service quality and its implications for the future research, Journal of marketing, 49 (4) 41-50.

16. Robinson, S. "Measuring service quality: current thinking and future requirements", Marketing Intelligence & Planning, Vol.17, No.1, pp. 21-32, 1999.

17. Urban W "Service quality gaps and their role in service enterprises development.

18. Technol. & Econom. Develop. Econom". 15(3), 631–645, 2009.

19. Zeithaml, V.V., Berry, L.L. and Parasuraman, A. (1996), "The behavioural consequences of service quality", Journal of marketing, 60 (1), 31-46.

T. Siva
M.Com., M.Phil., Ph.D Research Scholar , P.G & Research Department of Commerce ,
TBML College, Porayar, Nagapattinam District , Tamilnadu.