Customer Perception on Post Purchase Services of life Insurance Companies

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Abstract: *Any industry which is not responsive to the interestsof its customers cannot succeed and insuranceindustry is no exception to this principle. In life insurance, the interests of policyholders are supreme and have the longest relationship with a customer starting from the first pitch made by the adviser. With both LIC and private players have undergone significant changes recently .One of the greatest challenges facing organizations is the ever–growing competition, the continuous increase in customer expectation. In order to achieve competitive advantage and efficiency, organizations have to seek profitable ways to differentiate themselves. The 'trust' factor is initiated by the need based sales approach adopted by the insurance adviser and one has to continue to build on this post sale too. The post-sales service involves multiple touch points across various stages. This paper aims to study the post purchase services of life insurance companies and their customer perception.*

Keywords: *customer service, perception, post purchase service*

I. Introduction

Any industry which is not responsive to the interests of its customers cannot succeed and insurance industry is no exception to this principle. In life insurance, the interests of policyholders are supreme and have the longest relationship with a customer starting from the first pitch made by the adviser. An insurance policy is not just a one-time transaction at the time of sale but a long term contract signed in good faith by both the insurance company and the policy holder. The 'trust' factor is initiated by the need based sales approach adopted by the insurance adviser and one has to continue to build on this post sale too. The post-sales service involves multiple touch points across various stages. It begins right from the on-boarding, to premium payment reminders, connecting at different life stages to meet their changing needs and finally - the moment of truth at the time of claim settlement. With products being similar across companies, the key differentiator is customer experience. And technology is what helps companies deliver on their promise. Customer today is demanding and it is our responsibility to deliver on our promise. Simple things like timely premium payment reminders, easy to read proposal form, efficiency in handling customer queries, quick claim settlement are some key aspects of good servicing.

II. Literature Review

Min Li's (2008) empirical study aimed to examine both the type and nature of life insurance purchased by households. The author developed comprehensive models of households' demand for life insurance, which included demographic, economic, assets and psychographic variables .The effects of these factors on either term or cash value life insurance purchased by households were examined separately. Neetu Bala and Dr. H.S Sandhu (2011) in their research paper aimed to investigate the factors influencing agents' perception towards Life Insurance Corporation of India. The study revealed the fact that Staff co-ordination is the most important factor to influence agents' perception, Moreover, there exists no significant difference among various groups of respondents with respect to their perception towards Life Insurance Corporation of India. Manoj Sharma et al. (2012) in their paper evaluated the impact of demographic factors on the satisfaction of investors towards insurance policies. The result of the study demonstrates the importance of demographic factors which encourages the public and private insurance companies to cater to the need of these segments.

III. Objectives And Methodology Of The Study

The study is focused on the following objective:

*   To study compare customers' perception towards post purchase services of public and private insurance companies.

The study is based on both primary and secondary data .Primary data was collected through field survey at service counter of sample insurance companies, and study cover the people living in the sample regions. The interview schedule was used to collect the data from the respondents. Secondary data was collected from the previous research done on this topic, ie the annual report of Insurance Development Regulatory Authority (IRDA), research articles published in magazines, newspapers and research publications in journals.

On the bases of the operations the sample insurance companies were selected. It has been observed that there are 23 life insurance companies operating in India, and 15 life insurance companies in the Coimbatore district, of which only seven companies are leading. Thus, these seven companies were chosen as the sample for the survey and 1700 respondents were chosen by adopting convenient sampling method.

Statistical Tools Applied
- Chi-square test
- Factor Analysis

Post-purchase services offered by Life Insurance Companies
With both LIC and private players in the fray, Indian life insurance market has undergone significant changes recently. One of the greatest challenges facing organizations is the ever–growing competition, the continuous increase in customer expectation. In order to achieve competitive advantage and efficiency, organizations have to seek profitable ways to differentiate themselves. There are many different strategies to reach success, but the delivery of competent service quality is the vital one, especially in this competitive environment. This discussion implies the importance of post purchase services even for life insurance products. This section discusses customers' perception towards post purchase services offered by their insurer(s).

Table: 1 Repondents' Opinion Towards The Post Purchase Services Of The Life Insurance Companies

Statement	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	Sum	Mean	Rank
Guidance and counseling given by agents and development officer	443 (26.06)	588 (34.59)	310 (18.24)	183 (10.76)	176 (10.35)	6039	3.55	3
Executive administrative staff response	242 (14.24)	643 (37.82)	455 (26.76)	208 (12.24)	152 (8.94)	5715	3.36	6
Clarification of general and technical doubt	323 (19.00)	521 (30.65)	403 (23.71)	292 (17.18)	161 (9.47)	5653	3.33	7
Issuing renewal notice	607 (35.71)	539 (31.71)	202 (11.88)	229 (13.47)	123 (7.24)	6378	3.75	1
Providing latest information	408 (24.00)	422 (24.82)	365 (21.47)	241 (14.18)	264 (15.53)	5569	3.28	8
Promptness in claim settlement	317 (18.65)	592 (34.82)	384 (22.59)	284 (16.71)	123 (7.24)	5796	3.41	5
Adequacy of amount of claim settlement	420 (24.71)	647 (38.06)	289 (17.00)	256 (15.06)	88 (5.18)	6155	3.62	2
Providing loans by hypothecating the policies	397 (23.35)	595 (35.00)	245 (14.41)	274 (16.12)	189 (11.12)	5837	3.43	4

Source: Primary Data

From the above table it is clearly inferred that majority of the respondents are satisfied with the service providers in issuing the renewal notice and it is ranked in first place with the mean score of 3.75. Followed by adequacy of amount of claim settlement and guidance &counseling given by agents and development officers.

In today's competitive world each and every company has to face cut-throat competition with other competitors for a foothold in ever slippery market. In this stature retaining customers and enhancing their relationship is very vital. In general, the post purchase services of insurance companies differ from one to another. To test the significance of this concept the following hypothesis framed and with chi square test.

'There is uniformity in customers' perception about the post purchase services offered by their insurer

TAble: 2.1 Relation Between Post Purchase Services Of Life Insurance Companies And Name Of The Insurance Company

Variables	Company Name	Level of after-sales service					Total
		Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	
Guidance and counseling given by agents and development officers	LIC	173(10.20)	298(17.50)	179(10.50)	109(6.40)	101(5.90)	860(50.60)
	Bajaj Allianz	52(3.10)	19(1.10)	20(1.20)	15(0.90)	29(1.70)	135(7.90)
	HDFC Standard	19(1.10)	28(1.60)	16(0.90)	14(0.80)	8(0.50)	85(5.00)
	ICICI Prudential	56(3.30)	73(4.30)	22(1.30)	5(0.30)	4(0.20)	160(9.40)
	Birla Sun life	32(1.90)	33(1.90)	20(1.20)	7(0.40)	3(0.20)	95(5.60)
	Reliance Life	76(4.50)	94(5.50)	23(1.40)	25(1.50)	22(1.30)	240(14.10)
	SBI Life	35(2.10)	43(2.50)	30(1.80)	8(0.50)	9(0.50)	125(7.40)
	Total	**443(26.10)**	**588(34.60)**	**310(18.20)**	**183(10.80)**	**176(10.40)**	**1700(100)**
Executive administrative staff response	LIC	102(6.00)	329(19.40)	210(12.40)	122(7.20)	97(5.70)	860(50.60)
	Bajaj Allianz	15(0.90)	37(2.20)	54(3.20)	21(1.20)	8(0.50)	135(7.90)
	HDFC Standard	10(0.60)	37(2.20)	19(1.10)	7(0.40)	12(0.70)	85(5.00)
	ICICI Prudential	17(1.00)	66(3.90)	59(3.50)	15(0.90)	3(0.20)	160(9.40)
	Birla Sun life	17(1.00)	39(2.30)	27(1.60)	7(0.40)	5(0.30)	95(5.60)
	Reliance Life	65(3.80)	85(5.00)	49(2.90)	23(1.40)	18(1.10)	240(14.10)
	SBI Life	16(0.90)	50(2.90)	37(2.20)	13(0.80)	9(0.50)	125(7.40)
	Total	**242(14.20)**	**643(37.80)**	**455(26.80)**	**208(12.20)**	**152(8.90)**	**1700(100)**
Clarification of general and technical doubt	LIC	127(7.50)	262(15.40)	196(11.50)	185(10.90)	90(5.30)	860(50.60)
	Bajaj Allianz	45(2.60)	25(1.50)	38(2.20)	15(.90)	12(.70)	135(7.90)
	HDFC Standard	18(1.10)	19(1.10)	31(1.80)	13(.80)	4(.20)	85(5.00)
	ICICI Prudential	24(1.40)	84(4.90)	27(1.60)	13(.80)	12(.70)	160(9.40)
	Birla Sun life	16(.90)	27(1.60)	25(1.50)	16(.90)	11(.60)	95(5.60)
	Reliance Life	70(4.10)	70(4.10)	54(3.20)	29(1.70)	17(1.00)	240(14.10)
	SBI Life	23 (1.40)	34(2.00)	32(1.90)	21(1.20)	15(.90)	125(7.40)
	Total	**323(19.00)**	**521(30.60)**	**403(23.70)**	**292(17.20)**	**161(9.50)**	**1700(100)**

Source: Computed Data

Table: 2.2 Relation Between Post Purchase Services Of Life Insurance Companies And Name Of The Insurance Company

Variables	Company Name	Level of after-sales service					Total
		Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	
Issuing renewal notice	LIC	299(17.60)	246(14.50)	115(6.80)	130(7.60)	70(4.10)	860(50.60)
	Bajaj Allianz	24(1.40)	63(3.70)	16(0.90)	17(1.00)	15(0.90)	135(7.90)
	HDFC Standard	29(1.70)	33(1.90)	6(0.40)	11(0.60)	6(0.40)	85(5.00)
	ICICI Prudential	46(2.70)	75(4.40)	16(0.90)	19(1.10)	4(0.20)	160(9.40)
	Birla Sun life	22(1.30)	35(2.10)	14(0.80)	19(1.10)	5(0.30)	95(5.60)
	Reliance Life	154(9.10)	37(2.20)	11(0.60)	18(1.10)	20(1.20)	240(14.10)
	SBI Life	33(1.90)	50(2.90)	24(1.40)	15(0.90)	3(0.20)	125(7.40)
	Total	**607(35.70)**	**539(31.70)**	**202(11.90)**	**229(13.50)**	**123(7.20)**	**1700(100)**
Providing latest	LIC	206(12.10)	174(10.20)	196(11.50)	130(7.60)	154(9.10)	860(50.60)
	Bajaj	22(1.30)	44(2.60)	27(1.60)	24(1.40)	18(1.10)	135(7.90)

information	Allianz					
	HDFC Standard	8(0.50)	14(0.80)	26(1.50)	15(0.90)	22(1.30)	85(5.00)
	ICICI Prudential	47(2.80)	65(3.80)	27(1.60)	8(0.50)	13(0.80)	160(9.40)
	Birla Sun life	27(1.60)	23(1.40)	26(1.50)	13(0.80)	6(0.40)	95(5.60)
	Reliance Life	58(3.40)	68(4.00)	36(2.10)	40(2.40)	38(2.20)	240(14.10)
	SBI Life	40(2.40)	34(2.00)	27(1.60)	11(0.60)	13(0.80)	125(7.40)
	Total	**408(24.00)**	**422(24.80)**	**365(21.50)**	**241(14.20)**	**264(15.50)**	**1700(100)**
Promptness in claim settlement	LIC	132(7.80)	287(16.90)	194(11.40)	166(9.80)	81(4.80)	860(50.60)
	Bajaj Allianz	28(1.60)	39(2.30)	35 (2.10)	24(1.40)	9(0.50)	135(7.90)
	HDFC Standard	10(0.60)	16(0.90)	39(2.30)	15(0.90)	5(0.30)	85(5.00)
	ICICI Prudential	28(1.60)	91(5.40)	18(1.10)	18(1.10)	5(0.30)	160(9.40)
	Birla Sun life	24(1.40)	34(2.00)	21(1.20)	13(0.80)	3(0.20)	95(5.60)
	Reliance Life	68(4.00)	75(4.40)	57(3.40)	29(1.70)	11(0.60)	240(14.10)
	SBI Life	27(1.60)	50(2.90)	20(1.20)	19(1.10)	9(0.50)	125(7.40)
	Total	**317(18.60)**	**592(34.80)**	**384(22.60)**	**284(16.70)**	**123(7.20)**	**1700(100)**

Source: Computed Data

Table: 2.3 Relation Between Post Purchase Services Of Life Insurance Companies
And Name Of The Insurance Company

Variables	Company Name	Level of after-sales service					Total
		Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	
Adequacy amount of claim settlement	LIC	214(12.60)	319(18.80)	144(8.50)	135(7.90)	48(2.80)	860(50.60)
	Bajaj Allianz	27(1.60)	38(2.20)	32(1.90)	26(1.50)	12(0.70)	135(7.90)
	HDFC Standard	20(1.20)	31(1.80)	20(1.20)	13(0.80)	1(0.10)	85(5.00)
	ICICI Prudential	45(2.60)	77(4.50)	16(0.90)	15(0.90)	7(0.40)	160(9.40)
	Birla Sun life	22(1.30)	38(2.20)	18(1.10)	11(0.60)	6(0.40)	95(5.60)
	Reliance Life	65(3.80)	97(5.70)	33(1.90)	40(2.40)	5(0.30)	240(14.10)
	SBI Life	27(1.60)	47(2.80)	26(1.50)	16(0.90)	9(0.50)	125(7.40)
	Total	**420(24.70)**	**647(38.10)**	**289(17.00)**	**256(15.10)**	**88(5.20)**	**1700(100)**
Providing loans by hypothecating the policies	LIC	159(9.40)	341(20.10)	94(5.50)	149(8.80)	117(6.90)	860(50.60)
	Bajaj Allianz	46(2.70)	30(1.80)	21(1.20)	22(1.30)	16(0.90)	135(7.90)
	HDFC Standard	21(1.20)	24(1.40)	17(1.00)	14(0.80)	9(0.50)	85(5.00)
	ICICI Prudential	34(2.00)	63(3.70)	31(1.80)	23(1.40)	9(0.50)	160(9.40)
	Birla Sun life	20(1.20)	35(2.10)	23(1.40)	10(0.60)	7(0.40)	95(5.60)
	Reliance Life	88(5.20)	53(3.10)	38(2.20)	42(2.50)	19 (1.10)	240(14.10)
	SBI Life	29(1.70)	49(2.90)	21(1.20)	14(0.80)	12(0.70)	125(7.40)
	Total	397(23.40)	595(35.00)	245(14.40)	274(16.10)	189(11.10)	1700(100)

Source: Computed Data

Table: 3 Result Of Chi-Square Post Purchase Services Of Life Insurance
Companies And Name Of The Insurance Company

Variables	Chi-square value	DF	Table Value	Contingency Co-efficient	Remark
Guidance and counseling given by agents and development officers	123.230	24	36.415	.560	Rejected
Executive administrative staff response	92.582	24	36.415	.527	Rejected
Clarification of general and technical doubt	112.869	24	36.415	.550	Rejected
Issuing renewal notice	171.121	24	36.415	.602	Rejected

Providing latest information	97.390	24	36.415	.533	Rejected
Promptness in claim settlement	111.998	24	36.415	.549	Rejected
Adequacy of amount of claim settlement	43.933	24	36.415	.559	Rejected
Providing loans by hypothecating the policies	96.994	24	36.415	.532	Rejected

Level of Significance: 5 per cent

The calculated chi-square values are greater than the table value 36.415 at 5 per cent level of significance. Therefore, the hypothesis framed is rejected and it is concluded that the post purchase service of life insurance companies does not differ from one to another. To examine the suitability of the data for subsequent exploratory factor analysis (EFA), two tests were used: Kaiser-Meyer-Olkin Measure of Sampling Adequacy; and Bartlett's Test of Sphericity. Factor analysis technique has been applied to find the underlying dimension (factors) that exists among the 8 variables relating to the post purchase services of life insurance companies.

Table: 4 Kmo And Bartlett's Test Customers' Opinion On Post Purchase
Services Of Life Insurance Companies

Kaiser-Meyer-Olkin Measure of Sampling Adequacy	.597
Bartlett's Test of Sphericity Approx. Chi-Square	234.775
DF	28
Sig	.000

Level of Significance: 5 per cent

In the present study, Kaiser-Meyer-Oklin (KMO) Measure of Sampling Adequacy (MSA) and Bartlett's test of Sphericity were applied to verify the adequacy or appropriateness of data for factor analysis. In this study, the value of KMO for overall matrix was found to be excellent (.597) and Bartlett's test of Sphericity was highly significant (p<0.05). Bartlett's Sphericity test was effective, as the chi-square value draws significance at five per cent level.

Factor analysis attempts to identify underlying variables, or factors, that explain the pattern of correlations within a set of observed variables. Factor analysis is often used in data reduction to identify a small number of factors that explain most of the variance observed in a much larger number of manifest variables. In the current study Rotation Factor analysis is performed to measure the association between post purchase services of life insurance companies. The significance of variables is depicted in the following table.

Table: 5 Rotational Factor Analysis Of Post Purchase -Sales Services
Of Life Insurance Companies

Variables	Factors						
	LIC	Bajaj Allianz	HDFC Standard	ICICI Prudential	Birla Sun life	Reliance Life	SBI life
X_1-Guidance and counseling given by agents and development officers	-	.885	-	-	-	-	-
X_2-Executive administrative staff response	-	-	-	-	-	.925	-
X_3-Clarification of general and technical doubt	-	-	-	-	-	-	.960
X_4-Issuing renewal notice	-	-	-	.983	-	-	-
X_5-Providing latest information	-	-	.971	-	-	-	-
X_6-Promptness in claim settlement	.808	-	-	-	-	-	-
X_7-Adequacy of amount of claim settlement	-	-	-	-	.952	-	-

X8-Providing loans by hypothecating the policies	.769	-	-	-	-	-	-
Eigenvalue	**1.347**	**1.159**	**1.096**	**1.055**	**1.052**	**1.023**	**1.017**
% of Variance	**16.84**	**14.485**	**13.704**	**13.193**	**13.154**	**12.791**	**12.714**
Cumulative	**16.84**	**31.324**	**45.028**	**58.221**	**71.375**	**84.166**	**96.88**

Level of Significance: 5 per cent

Seven factors were identified as being maximum percentage variance accounted. As a result it has been propounded that the results of the test establish consistency in the opinion of respondents towards the after sales services of life insurance companies.

IV. Conclusion

The insurance sector has come into sharp focus in India in the recent time due to the phenomenal changes taking place in terms of number of companies offering insurance products, the variety of products in the market and the proliferation of intermediaries selling them. Lack of customer interaction is one of major factor that affect customer centric approach in insurance industry. Both public and private life insurance companies are sturggled to attain customer needs at their door step.

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