



Management

USAGE PATTERN OF THE PRIVATE LIFE INSURANCE CUSTOMERS

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ABSTRACT

Due to the effect of the several factors of the globalization, customers' socio-economic culture has already been changed and customers become very much conscious about their needs and requirements in the present society. Over time the usage pattern of the customers with their service providers in their daily life varies culture wise, nation wise, sector wise as well as industry wise and this one is no exception in the life insurance sector. Considering all the private life insurance companies operating their business in Burdwan district, West Bengal, researcher in the present perspective conducted a study on the usage pattern of the private life insurance customers at here. In this study, 661 usable responses of the private life insurance customers were considered as the sample size. The statistical package SPSS 16 was also used to perform the analyses.

Keywords:

Customer, Private Life Insurance, Usage Pattern.

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1. INTRODUCTION

Like any other financial sector, Indian life insurance sector also has a significant impact in the country's economy. After the enactment of Insurance Regulatory and Development Authority (IRDA) Act of 1999, Indian insurance market was opened for both domestic private insurance companies and foreign insurance companies and at end-September 2012, along with the one and only public life insurance company of India named Life Insurance Corporation of India (LICI) there are 23 private life insurance companies operating in India (IRDA Annual report, 2011-12). With the entrance of private and foreign life insurance companies in the Indian life insurance market, the customers' perception of quality of services from these life insurance companies has also been changed. In the period of information technology (IT), customers are fully aware of their needs and requirements, expectations and information technology enabled services (ITES) where life insurers are wholeheartedly trying to get competitive advantage over their competitors through the use of information technology and information technology enabled services. Now a day, service quality has become the key driver for the business success in the market which plays

an important role in the customization process of service delivery, improvement of the productivity and profitability of the organizations as well as in the satisfaction process of the customers of the organizations. Information technology is also has a great role for the customer and it enables them to get detailed information regarding the various products and services offered by the organizations, compare the prices of the products and perform their transactional operations in a very fast and secure way. In the modern fast life, the interaction patterns of the life insurance customers with their service providers have hugely changed. To observe the usage pattern of the private life insurance customers in a broader way, the current study was conducted in Burdwan district, West Bengal, in the present perspective.

2. REVIEW OF LITERATURE

Rejda (2008) stated that “insurance, in law and economics, is a form of risk management primarily used to hedge against the risk of a contingent loss. It is the equitable transfer of the risk of a loss, from one entity to another, in exchange for a premium”. In life insurance industry high quality service (defined as exceeding “customers’ expectations”) is rare but increasingly demanded by the customers (Sherden, 1987). Most of the companies have equivalent offerings and the only way of differentiating itself from the others may be establishing the better service quality in the life insurance sector (Siddiqui and Sharma, 2010). Zeithaml et al. (1993) revealed that customers are likely to place a high value on their agent’s integrity and advice. Chow-Chua and Lim (2000) mentioned that the decisions of purchasing life insurance policies are significantly affected by the factors of the company and agent’s service quality as well as the recommendations of friends. According to Pointek (1992), customers want more responsive agents with better contact, personalized communications from the insurer, accurate transactions, and quickly solved problems which were identified in customer surveys by Prudential. The study of Choudhuri (2013) significantly pointed out that in the last visit to the LIC branch almost all the customers were happy about the services offered by the LIC. In life insurance industry, the organizational performance in the office operation of systems technology leaders was linked to the level of information technology investment intensity (Harris and Katz, 1991). Charles (1993) revealed that service industries have been identified as the biggest buyers of new information technology. That’s why Jen-Her and Yu-Min (2006); Leslie and Richard (2006) asserted that managers of the insurance companies are able to process work quickly as well as response to their customers has been faster and prompt using the latest information technology system.

3. METHODOLOGY

To conduct the present study in the district of Burdwan, West Bengal, the initial questionnaire was developed as a survey instrument. To collect the necessary data, along with the other items, how long customers are associated with the private life insurers, duration of last visit to the branch, purpose of last visit to the branch, whether they faced any problem during their last visit to the branch or not and their satisfaction with the problem related issues were included in the survey instrument. After proper formation of survey instrument, pilot study was conducted where researcher randomly selected 25 customers. After explaining objectives and purpose of the study, researcher tried to get valuable feedback from these customers. Based on this pilot study, the preliminary analysis established the internal consistency of the items within questionnaire and gave the confirmation of validity and reliability of final survey instrument. The structure of the

questionnaire is both open-ended and close-ended. After successfully completion of the pilot study, considering different demographic profile of the customers of all 23 private life insurance companies and using random sampling technique 850 questionnaires were distributed to the customers where 739 customers were agreed to give response and finally obtained 661 usable responses which was considered as the sample size for this study. The statistical package SPSS 16 was used to perform analyses.

4. RESULTS AND DISCUSSIONS

To obtain the data for the purpose of the study, a cross-sectional survey was conducted among the customers of the private life insurance companies where researcher carefully considered the different demographic profile such as gender, age, income status, occupation, educational qualification, locality of living and modern aids accessed by the customers. The summarized demographic profile of the customers of this study is now given below:

Table 1: Demographic profile of the customers

| Demographic Variable | Demographic Characteristics | Frequency | Percentage (%) |
|-----------------------------------|----------------------------------|-----------|----------------|
| Gender | Male | 483 | 73.1 |
| | Female | 178 | 26.9 |
| Age | ≤ 30 years | 162 | 24.5 |
| | 31 - 40 years | 341 | 51.6 |
| | 41 - 50 years | 103 | 15.6 |
| | 51 - 60 years | 39 | 5.9 |
| | ≥ 60 years | 16 | 2.4 |
| Income | ≤ Rs.14999.00 | 62 | 9.4 |
| | Rs.15000.00 - Rs.24999.00 | 155 | 23.5 |
| | Rs.25000.00 - Rs.44999.00 | 196 | 29.7 |
| | ≥ Rs.45000.00 | 248 | 37.5 |
| Occupation | Salaried | 280 | 42.4 |
| | Business | 137 | 20.7 |
| | Professional | 219 | 33.1 |
| | Retired | 14 | 2.1 |
| | Housewife | 11 | 1.7 |
| Educational Qualifications | High school | 5 | 0.8 |
| | Graduate | 191 | 28.9 |
| | Post-graduate | 216 | 32.7 |
| | Professional | 232 | 35.1 |
| | Any other | 17 | 2.6 |
| Locality of Living | Center of the town | 368 | 55.7 |
| | Outskirts of the town | 204 | 30.9 |
| | Rural areas adjoining town | 89 | 13.5 |
| Modern Aids | Only mobile phone | 202 | 30.6 |
| | Combination of mobile & internet | 459 | 69.4 |

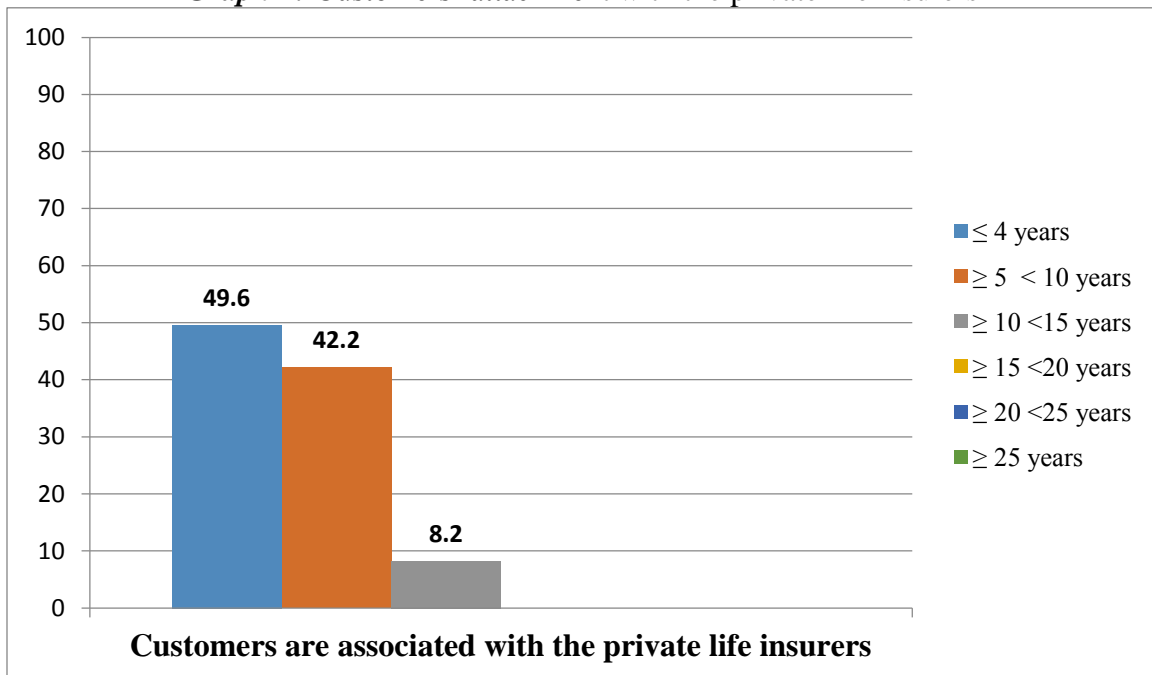
From the available data, the usage pattern of the private life insurance customers was measured in respect of how long customers are associated with the private life insurers, duration of last visit to the branch, purpose of last visit to the branch, whether they faced any problem during their last visit to the branch or not and their satisfaction with the problem related issues which is summarized in the Table 2.

Table 2: Usage pattern of the private life insurance customers

| Variables | Characteristics | Frequency | Percentage (%) |
|-------------------------------------------------------------------------|-------------------------------|------------------|-----------------------|
| <i>How long customers are associated with the private life insurers</i> | ≤ 4 years | 328 | 49.6 |
| | ≥ 5 < 10 years | 279 | 42.2 |
| | ≥ 10 < 15 years | 54 | 8.2 |
| | ≥ 15 < 20 years | 00 | 0.0 |
| | ≥ 20 < 25 years | 00 | 0.0 |
| | ≥ 25 years | 00 | 0.0 |
| <i>Last visit to the branch</i> | < 1 month | 14 | 2.1 |
| | ≥ 1 < 3 months | 43 | 6.5 |
| | ≥ 3 < 6 months | 38 | 5.8 |
| | ≥ 6 < 12 months | 89 | 13.5 |
| | ≥ 12 < 24 months | 167 | 25.3 |
| | ≥ 24 months | 310 | 46.9 |
| <i>Purpose of last visit to the branch</i> | To collect the payment record | 48 | 7.3 |
| | To process the payment | 94 | 14.2 |
| | To claim process | 116 | 17.6 |
| | Any other | 403 | 61 |
| <i>Faced any problem during the last visit?</i> | Yes | 35 | 5.3 |
| | No | 626 | 94.7 |
| <i>Satisfied in problem related issues?</i> | Yes | 638 | 96.5 |
| | No | 23 | 3.5 |

Table 2 indicates that 49.6% customers are attached with the private life insurance companies for ≤ 4 years where 42.2% customers are attached for ≥ 5 < 10 years and 8.2% are attached for ≥ 10 < 15 years. In this study, none of the customers was found who is attached with the private life insurance companies for ≥ 15 < 20 years, ≥ 20 < 25 years and ≥ 25 years. The result of the attachment of private life insurance customers with their insurers is graphically presented in Graph 1.

Graph 1: Customers' attachment with the private life insurers



From Table 2 it is important to notice that 46.9% customers visited the life insurance branch last time prior to minimum 24 months and 25.3% customers visited the branch prior $\geq 12 < 24$ months ago where as 13.5% visited $\geq 6 < 12$ months before, 6.5% visited $\geq 1 < 3$ months before, 5.8% visited $\geq 3 < 6$ months before and 2.1% visited < 1 month before. The discussion of customers' last branch visit is graphically presented in Graph 2.

Graph 2: Last branch visit of the private life insurance customers

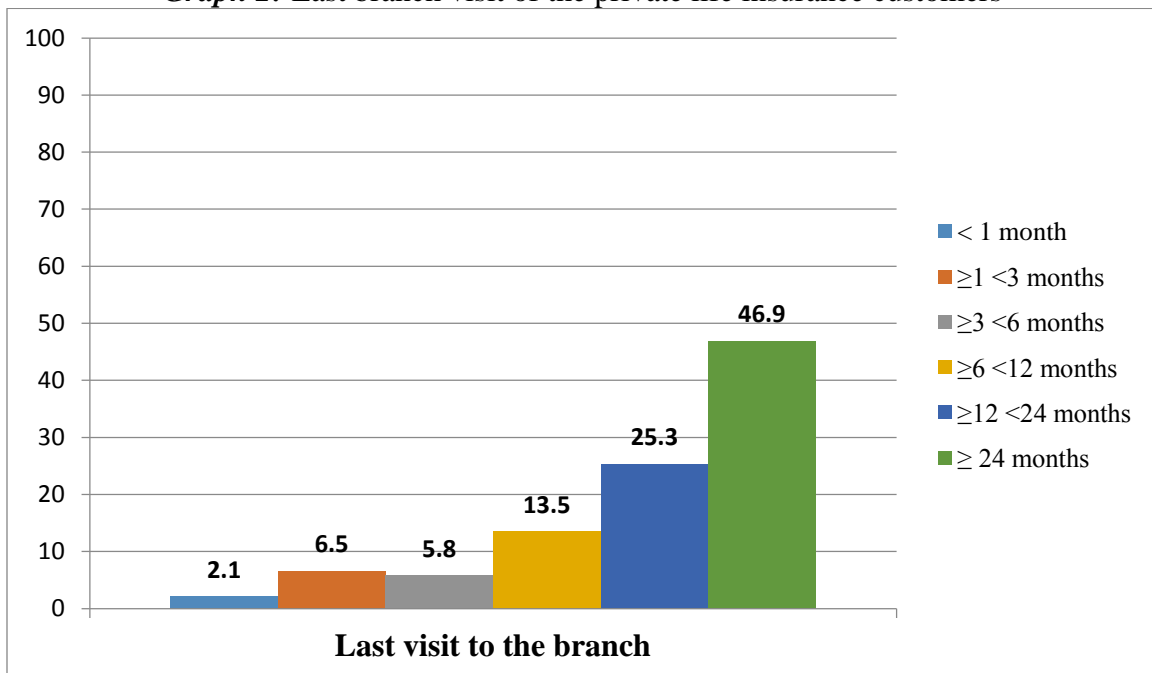


Table 2 highlights that majority of the private life insurance customers (61%) visited the life insurance branch for other purposes, 17.6% customers' purpose were to claim the money where

14.2% customers visited branch to process their payment and 7.3% customers visited branch to collect their payment record. The discussion about the purpose of last branch visit of the customers is graphically presented in Graph 3.

Graph 3: Purpose of last branch visit of the private life insurance customers

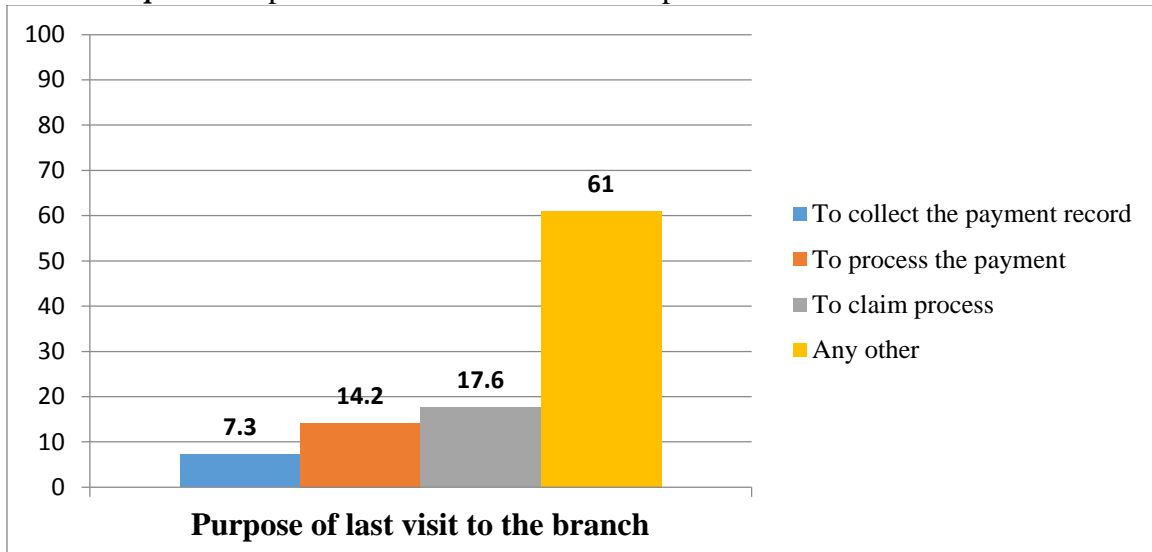


Table 2 specifies that only 5.3% private life insurance customers faced problem during their last visit to the branch where 94.7% customers didn't face any problem during their last branch visit. The graphical illustration of this discussion is given in Graph 4.

Graph 4: Problem during last branch visit of the private life insurance customers

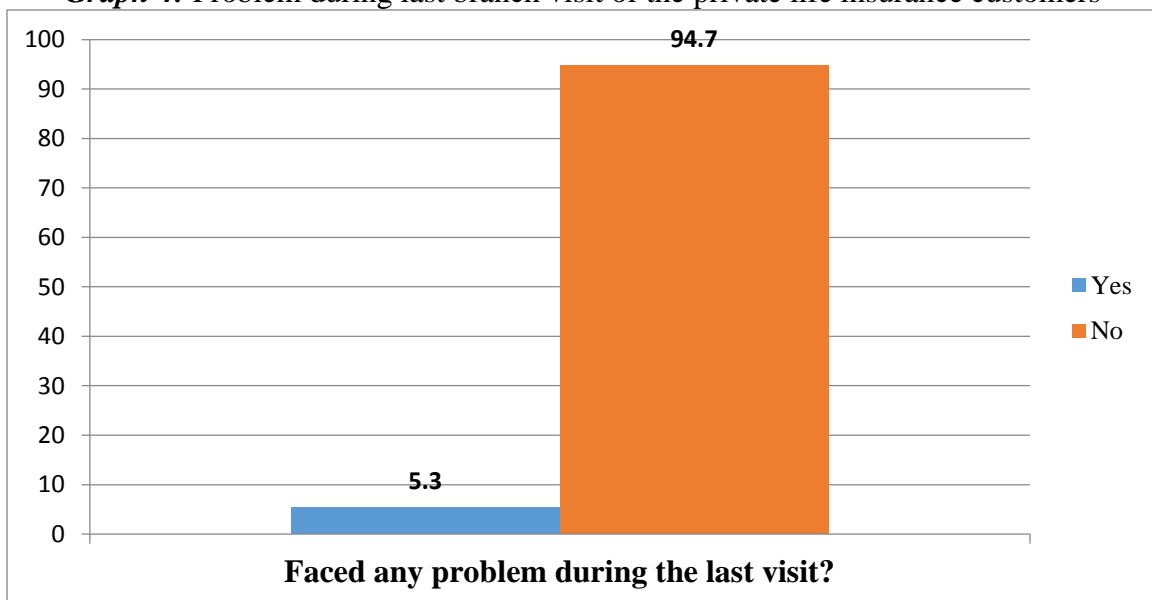
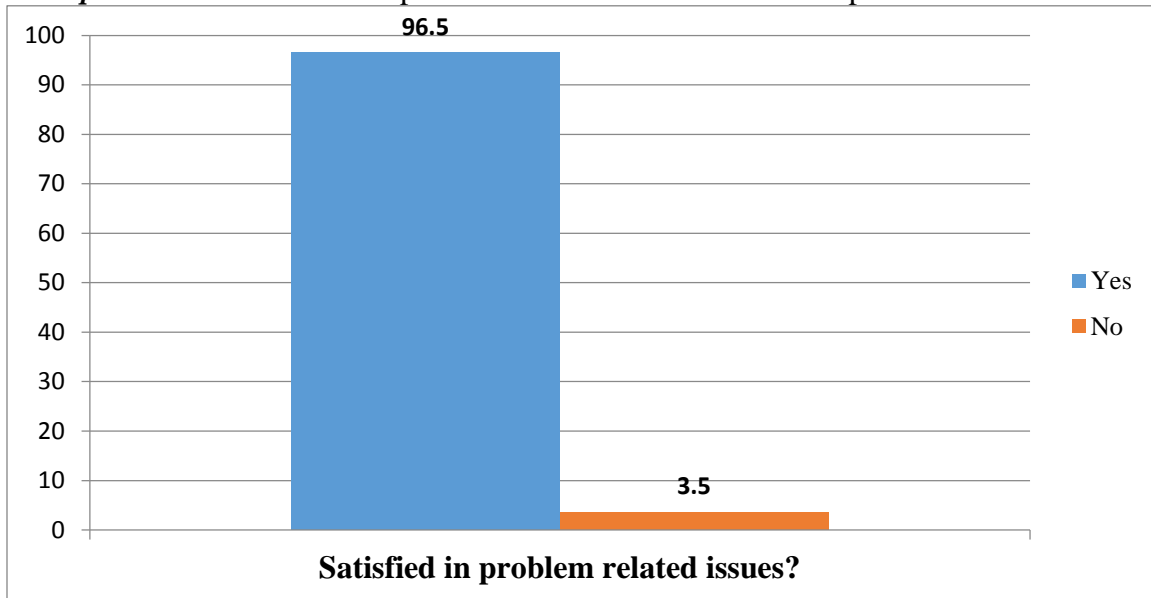


Table 2 signifies that though 3.5% private life insurance customers were dissatisfied but 96.5% customer were satisfied by their life insurers in problem related issues during their last visit to the branch. The graphical presentation of this discussion is given in Graph 5.

Graph 5: Satisfaction of the private life insurance customers in problem related issues

5. CONCLUSIONS

Based on the customers' attachment with the private life insurers, duration of their last visit to the branch, purpose of their last visit to the branch, problem during their last visit to the branch and their satisfaction with the problem related issues, the usage pattern of the private life insurance customers in Burdwan district was observed in the present context of the study. In the current study, none of the customers was found who has the attachment with the private life insurers ≥ 15 years which means that after the opening of Indian insurance market for both domestic private insurance companies and foreign insurance companies, customers start their association with the private life insurance companies and begin their visit to the branch of the companies for their different purposes in different times. Study also revealed that only a few customers faced problem during their last branch visit and almost all the customers were satisfied by their life insurers in problem related issues. So, it is expected that in order to survive in the future and to achieve maximum growth in the competitive market, private life insurers should dedicatedly involve in the development of new strategies to attract the huge untouched customers as well as should try to give them better satisfaction than before.

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