



Customer Satisfaction with Life Insurance Service Quality: A Study in Tirunelveli Division

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Citation: Dr.T.Mugesh, et al (2023) Customer Satisfaction with Life Insurance Service Quality: A Study in Tirunelveli Division, *Educational Administration: Theory and Practice*. 29(4), 5013-5019

Doi: 10.53555/kuey.v29i4.9922

ARTICLE INFO ABSTRACT

Life insurance helps people manage financial risks and secure their future. In this sector, customer satisfaction is key because it builds trust and loyalty. Factors like quick response, reliability, and clear communication play a big role in keeping policyholders Satisfaction . However, in Tenkasi District, many policyholder face issues like slow service and complicated procedures, which hurt their experience. The main purpose of this study is how satisfied customers are with different aspects of life insurance services. This study is descriptive and empirical in nature. The researcher used an interview schedule to collect primary data from 160 policyholders using the cluster sampling method. It concludes that insurance providers should tailor their services to meet customer expectations. Strengthening digital accessibility for male customers while improving transparency and claim settlement processes for female customers can enhance overall satisfaction.

keywords: Insurance, Policyholders, Customer, Service

Introduction

Insurance is a financial mechanism that ensures financial security and stability for individuals and families and provides protection against unforeseen risks and uncertainties. Life insurance, in particular, originated in the 17th century, with the first recorded life insurance policy issued in England in 1583. Over time, life insurance has evolved into a structured industry, offering a range of products designed to meet the diverse financial needs of individuals across the globe. In India, the life insurance industry gained prominence with the establishment of the Life Insurance Corporation of India (LIC) in 1956, which plays an important role in providing financial security to millions of people.

Life insurance is a contractual agreement between the Insurer and the policyholder in which the insurer promises to pay cash benefits to the beneficiaries upon their death or after a specified period of time. Life insurance products can be broadly categorized into term insurance, endowment plans, whole life insurance, and unit-linked insurance plans (ULIPs). Each type caters to specific financial goals, such as income replacement, wealth creation, or retirement planning. The importance of life insurance lies in its ability to provide financial security to families, facilitate wealth accumulation, encourage savings, and offer tax benefits. For individuals, life insurance is a vital tool for managing financial risks and ensuring long-term stability in the face of life's uncertainties.

Customer satisfaction plays a pivotal role in the life insurance sector, as it directly influences the trust and loyalty policyholders have in their insurer. For life insurance companies like LIC, meeting customer expectations is critical because life insurance is not just a product; it is a promise of security and support. Satisfied customers are more likely to renew policies, recommend the insurer to others, and explore additional products, making customer satisfaction an essential driver of business growth. In the context of LIC, ensuring high satisfaction levels is particularly important, as the organization often caters to diverse policyholders in rural and semi-urban areas. Understanding customer needs, addressing grievances, and delivering reliable and empathetic service are key to retaining policyholders and maintaining the trust that underpins the success of the life insurance industry.

Statement of the problem

Life Insurance Corporation of India (LIC) is one of the leading and most trusted life insurance companies in the country, providing financial protection and security to countless policyholders. Despite its established reputation and extensive market presence, LIC faces stiff competition from private insurers offering innovative products and superior customer service. Moreover, changes in customer preferences and advancements in technology are significant challenges for LIC in this competitive market. Additionally, LIC often struggles to meet the expectations of policyholders in rural and semi-urban areas, such as Tenkasi District, where there is a need to focus on improving service quality to retain customers and enhance satisfaction.

Customer satisfaction plays a vital role in the success and sustainability of LIC, as it directly impacts customer retention, loyalty, and word-of-mouth referrals. Achieving high levels of satisfaction across various aspects of service—such as responsiveness, reliability, empathy, and accessibility—is critical for fostering trust and meeting policyholder expectations. While life insurance is crucial for ensuring financial security and enabling long-term planning, many policyholders in Tenkasi District face issues related to service quality. Challenges such as slow service, insufficient communication, complex procedures, and limited awareness of available benefits can negatively affect customer satisfaction and trust. Hence, it is essential to examine customer satisfaction with LIC's service quality in this region.

In this context, the researcher seeks to answer the following questions:

- ❖ What is the level of customer awareness about LIC's products and services?
- ❖ How does the demographic profile of policyholders impact their satisfaction levels?
- ❖ What is the level of customer satisfaction across various dimensions of service quality provided by LIC in Tenkasi District?

Objectives of the study

- ✓ To study the socio economic factor of the respondents
- ✓ To analyse the awareness of customer regarding products and services of LIC
- ✓ To examine the level of customer satisfaction on dimensions of services.

Significance of the study

1. For Policyholders

This study holds great significance for policyholders as it identifies the key factors that influence their satisfaction with life insurance services. By understanding these factors, policyholders can better evaluate the quality of services provided by LIC and demand improvements where necessary. The insights from the study empower policyholders to make informed decisions regarding their life insurance plans, ensuring they choose products and services that align with their needs and expectations. Furthermore, it sheds light on common challenges faced by customers, enabling LIC to address these issues effectively and improve the overall service experience for policyholders.

2. For LIC (Life Insurance Corporation of India)

For LIC, this study provides a roadmap for enhancing its service quality to meet customer expectations. The findings highlight specific areas requiring attention, such as customer communication, prompt service delivery, and reliability, which are crucial for maintaining customer trust and loyalty. By implementing the study's recommendations, LIC can develop strategies to retain existing customers and attract new ones, thus strengthening its competitive advantage. Additionally, the insights can guide LIC in innovating its products and services to better cater to the unique needs of customers in Tenkasi District, ensuring sustained growth and market leadership.

3. For Society

At the societal level, this study plays a vital role in promoting financial literacy and awareness about life insurance. By emphasizing the importance of service quality in life insurance, it encourages individuals to prioritize financial security and plan for the future. The study also fosters trust in the life insurance sector by identifying areas for improvement and advocating for transparency in service delivery. Furthermore, it contributes to financial inclusion by addressing the needs and challenges of individuals in semi-urban and rural areas like Tenkasi, thereby encouraging more people to adopt life insurance as a tool for social and economic security.

4. For the Government

This study provides valuable insights to the government for framing policies aimed at improving service standards in the life insurance sector. By understanding the gaps in service delivery, regulators can develop guidelines that ensure fair practices and protect policyholders' rights. Moreover, the growth of the life insurance sector contributes to economic stability by increasing financial security for citizens, which aligns

with the government's broader social security objectives. In rural and semi-urban regions like Tenkasi, the study supports initiatives that promote financial inclusion, thereby fostering equitable economic development and addressing regional disparities.

Review of literature

Kunwar Rahul Singh et al., (2024) have studied "*A Study on Customer Satisfaction Towards Life Insurance in India*". This study focuses on understanding customer satisfaction in India's life insurance market by comparing public and private providers. It identifies key factors like service quality, product options, and customer support that shape client experiences. Using questionnaires and a detailed review of existing research, the study highlights the importance of putting customers first and offering great service to build trust and stay competitive. The findings stress the need for insurers to better understand customer needs and improve their services. In conclusion, the study offers practical suggestions to enhance satisfaction and strengthen customer relationships¹.

Monika Aggarwal and Samridhi Tanwar (2021) have studied "*A Study of Service Quality Dimensions and Customer Satisfaction towards Life Insurance Companies: With Special Reference to Delhi NCR*". The rapid changes in information and communication technology have intensified competition among companies to capture customer attention. Customer behavior and satisfaction are crucial for long-term growth, and delivering high-quality service gives companies a competitive edge. This study explores the key dimensions of service quality in the life insurance sector and evaluates the services offered. The findings aim to help insurers align their strategies with customer satisfaction and service quality to achieve success and loyalty in the market².

Thanh Tung Hoang et al (2024) have studied "Factors affecting customer satisfaction with life insurance service quality: A case study in Hanoi". This study aims to identify and evaluate factors that affect customer satisfaction in Hanoi with insurance services at a life insurance company. With 259 questionnaire survey samples, the research team used SPSS statistical software to test the research hypotheses. Research results show that 3/5 factors of service quality, including Assurance, Tangibles, and Responsiveness, positively impact customer satisfaction, while 2/5 factors, Reliability and Empathy, are not statistically significant enough to conclude the relationship affecting customer satisfaction. From the research results, the authors have proposed solutions to improve the quality of insurance services to increase customer satisfaction and promote the sustainable development of insurance businesses³.

Research Gap

Although many studies have examined customer satisfaction and service quality in the life insurance sector, areas such as the Tirunelveli division have not been focused on. Most research looks at broad or international perspectives, ignoring unique cultural and economic factors that influence customer preferences in smaller regions. Key aspects of service quality, such as reliability and empathy, are often overlooked in local markets. Regional differences in customer expectations and service delivery are minimal. This study aims to fill these gaps by focusing on the Tirunelveli division, providing insights to better understand customer needs and improve service quality.

Research Methodology

Research design

The study adopts a descriptive and empirical research design to examine customer satisfaction with the service quality of LIC in Tenkasi District.

Data collection

The study used a pre-tested, detailed interview schedule developed for the purpose of collecting primary data from selected respondents. In addition, books, periodicals, magazines, newspapers and documents of various government institutions of the district were also used to collect secondary data.

¹ Kunwar Rahul Singh, Muhammed Suhail, Sunny Kumar Singh, 2024, A Study on Customer Satisfaction Towards Life Insurance in India accessed from <https://ijsrem.com/download/a-study-on-customer-satisfaction-towards-life-insurance-in-india/>

² Monika Aggarwal and Samridhi Tanwar, 2021, A Study of Service Quality Dimensions and Customer Satisfaction towards Life Insurance Companies: With Special Reference to Delhi NCR Journal of Management & Technology Vol. 16, Number 1, Pp: 1-14

³ Thanh Tung Hoang, Nguyen Thao Ly, Le Hoang Anh, Doan Nguyen Nhat Anh, 2024, Factors affecting customer satisfaction with life insurance service quality: A case study in Hanoi, International Journal of Scientific Research and Management (IJSRM), Vol.No.12, Issue No. 05, Pp: 6428-6439.

Sample

The sampling unit of this study comprises customers of the Life Insurance Corporation of India (LIC) in the Tirunelveli division, with "customers" referring to policyholders. For the purpose of the study, a total of 160 respondents were selected. The sample size was determined by the researcher based on convenience. Primary data were collected from 10 customers from each branch using the cluster sampling method.

Instrument

In this study, the researcher used a well-structured interview schedule as a tool to collect primary data from the respondents. Before undertaking the survey, a pre-test was conducted and in the light of it, the questionnaire was prepared, modified and restructured.

Data analysis

The data collected were classified and tabulated. The tabulated data was analysed and interpreted with relevant statistical tools for drawing conclusions. For analysing the data, the SPSS (statistical package for social science) was used.

Socio economic factor of the respondents

Table No. 1 Socio economic factor of the respondents

Particulars	No. of respondents	Percentage
Gender		
Male	86	54
Female	74	46
Age		
Up to 30	22	14
31 - 40	55	34
41 - 50	46	29
Above 50	37	23
Educational qualification		
High school	11	7
Graduate	51	32
Post graduate	52	32
Professional	29	18
Others	17	11
Occupation		
Employed	62	39
self employed	57	35
Retired	35	22
Others	6	4
Monthly income		
Up to 30000	27	17
30001 - 40000	42	26
40001 - 50000	69	43
more than 50000	22	14

Source: Primary Data

Based on the data presented above, it appears that out of 160 respondents 54% of the respondents are male; and the remaining 46% of the respondents are female. 34% of the respondents belong to the age group of 31 – 40; 29% of the respondents belong to the age group of 41 – 50; 23% of the respondents belong to the age group of above 50; and the remaining 14% of the respondents belong to the age group of up to 30. 32% of the respondents have completed their graduation and post-graduation; 18% of the respondents have completed their professional course; 11% of the respondents come under the category of others including diploma, teacher training and so on. 39% of the respondents are working as employee; 35% of the respondents are self-employed; 22% of the respondents are retired person; and the remaining 4% of the respondents are home maker, job seeker and so on. 43% of the respondents have a monthly income between 40,001 – 50,000; 26% of the respondents have a monthly income between 30001 – 40000; 17% of the respondents have a monthly income Up to 30000 and the remaining 14% of the respondents have a monthly income above 50000.

Customers' Awareness regarding LIC products & Services

Table No. 2 Customers' Awareness regarding LIC products & Services

Products & Services	Total score	Average value	Rank
Insurance Plans:			
i. Endowment Plans	607	3.7	V
ii. Whole Life Plans	652	4.0	II
iii. Money Back Plans	620	3.8	IV
iv. Term Assurance Plans	635	3.9	III
v. Riders	550	3.4	VIII
Pension Plans	665	4.1	I
Unit Linked Plans	570	3.5	VII
Micro Insurance Plans	577	3.6	VI
Withdrawn Plans	523	3.3	IX

Source: Computed Data

The above table shows that, the weighted arithmetic mean scores and the average scores of each products & services. The average scores are ranked according to their values. The first rank is given to pension plan (4.1), Whole Life Plans (4.0) got second rank, third rank goes to Term Assurance Plans (3.9), Money Back Plans (3.8) got fourth rank, Endowment Plans (3.7) got fifth rank, Micro Insurance Plans (3.6) got sixth rank, Unit Linked Plans (3.5) got seventh rank, Riders (3.4) got eighth rank, and ninth rank goes to Withdrawn Plans (3.3).

Customer satisfaction on dimensions of services

Ho: There is no association between customer satisfaction on dimensions of service quality and gender of the respondents.

Table No. 3 Customer satisfaction on dimensions of services among Gender

Service dimension	Gender		F Statistic	Sig. Value
	Male	Female		
Reliability				
Timely processing of policies	2.42	2.26	24.91	0.086
Claim settlement efficiency	2.16	2.58	75.90	0.595
Accuracy in policy details	2.45	2.35	113.91	0.348
Fulfillment of commitments	2	1.81	19.24	0.073
Trustworthiness of LIC agents	1.58	1.84	114.48	0.596
Responsiveness				
Speed of customer support	2.64	2.85	10.65	0.383
Timely policy updates	2.58	2.55	35.69	0.097
Quick redressal of grievances	2.06	2.10	72.86	0.006
Accessibility of agents	2.51	2.48	106.59	0.322
Assurance				
Knowledge and expertise of LIC agents	2.71	1.71	18.66	0.214
Transparency in policy terms	1.48	1.61	123.69	0.252
Security of transactions	2.64	2.45	12.88	0.238
Brand reputation and legacy	2.1	2.16	35.04	0.695
Tangibles				
Branch office infrastructure	2.1	2.06	76.68	0.202
Website and online services	2.35	2.29	110.87	0.208
Printed materials and brochures	1.97	2.55	13.69	0.275
Professionalism of employees	2.88	2.35	17.68	0.635
Empathy				
Personalized policy recommendations	2.08	1.82	126.25	0.595
Special services for senior citizens and differently	2.02	2.25	38.25	0.348
Flexibility in service provision	2.99	1.91	77.09	0.073
Customer relationship management	2.88	2	56.18	0.596

Source: Computed Data

The above table shows that the outcomes of ANOVA along with mean score. The p- values of all the variables in service quality are greater than the 0.05, at the 5% level of significance. Hence the null hypotheses for these variables are **accepted**. It is concluded that "There is no association between customer satisfaction on dimensions of service quality and gender of the respondents".

Using the Post-Hoc Tukey HSD method, customer satisfaction with service quality was analyzed based on gender. In terms of reliability, male customers reported higher satisfaction with Timely Processing of Policies (2.42), Accuracy in Policy Details (2.45), and Fulfillment of Commitments (2.0) compared to female customers. Conversely, female customers expressed greater satisfaction with Claim Settlement Efficiency (2.58) and Trustworthiness of LIC Agents (1.84) than their male counterparts. In terms of responsiveness, male customers reported higher satisfaction with Timely policy updates (2.58), Accessibility of agents (2.51) compared to female customers. Conversely, female customers expressed greater satisfaction with Speed of customer support (2.85) and Quick redressal of grievances (2.10) than their male counterparts. In terms of Assurance, male customers reported higher satisfaction with Knowledge and expertise of LIC agents (2.71), Security of transactions (2.64) compared to female customers. Conversely, female customers expressed greater satisfaction with Transparency in policy terms (1.61) and Brand reputation and legacy (2.16) than their male counterparts. In terms of Tangibles, male customers reported higher satisfaction with Website and online services (2.35), Professionalism of employees (2.88) compared to female customers. Conversely, female customers expressed greater satisfaction with Branch office infrastructure (2.06) and Printed materials and brochures (2.55) than their male counterparts. In terms of Empathy, male customers reported higher satisfaction with Personalized policy recommendations (2.08), Flexibility in service provision (2.99) and Customer relationship management (2.88) compared to female customers. Conversely, female customers expressed greater satisfaction with Special services for senior citizens and differently (2.25) than their male counterparts.

Findings

- Majority of the respondents (54%) are male.
- Most of the respondents (34%) belong to the 31–40 age group.
- Majority of the respondents (32%) have completed graduation/post-graduation.
- Majority of the respondents (39%) are employees.
- Majority of the respondents (43%) earn ₹40,001–₹50,000 per month.
- Majority of the respondents highly aware about pension plan (4.1)
- Male customers were generally more satisfied with the timely processing of policies, accuracy in policy details, accessibility of agents, online services, and customer relationship management.
- On the other hand, female customers were more satisfied with claim settlement efficiency, transparency in policy terms, and special services for senior citizens and differently abled individuals.

Suggestions

- ★ Life insurance companies should conduct awareness campaigns to educate customers about policy benefits, claim processes, and service features to improve trust and satisfaction.
- ★ Offering customized plans based on customer needs, financial conditions, and life stages can improve satisfaction and encourage loyalty.
- ★ Conducting regular surveys and feedback sessions will help identify gaps in service quality, allowing insurers to refine their strategies and better meet customer expectations.
- ★ Introducing loyalty rewards, discounts on premium renewals, and referral benefits can encourage long-term customer retention.
- ★ Offering 24/7 customer support through multiple channels like phone, chat, email, and mobile apps can improve accessibility and responsiveness.
- ★ Streamlining claim approvals and reducing paperwork can enhance customer trust and satisfaction.

Conclusion

Customer satisfaction plays a crucial role in the success of any service provider, especially in the insurance sector, where trust and reliability are key factors. Understanding customer preferences and addressing their specific needs can significantly enhance service quality and overall customer experience. The findings reveal that pension plans are the most well-known and preferred product among respondents, indicating a strong interest in financial security for the future. When it comes to service satisfaction, male customers value efficiency in policy processing, accuracy in details, accessibility of agents, and online services. This suggests that they prioritize convenience, speed, and digital access. On the other hand, female customers place higher importance on claim settlement efficiency, transparency in policy terms, and special services for senior citizens and differently abled individuals. This highlights their preference for clarity, reliability, and inclusive services. These insights emphasize the need for insurance providers to tailor their services based on customer expectations. Strengthening digital accessibility for male customers while improving transparency and claim settlement processes for female customers can enhance overall satisfaction. By addressing these specific concerns, service providers can build stronger relationships, improve customer loyalty, and gain a competitive edge in the market.

Scope for further study

- Comparative Study of Rural and Urban Customer Satisfaction in Life Insurance Services
- Role of Customer Trust and Brand Reputation in Life Insurance Selection
- Impact of Digitalization on Customer Satisfaction in Life Insurance Services

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