

MEASURING SERVICES QUALITY IN LIFE INSURANCE
INDUSTRY IN MEHSANA DISTRICT OF NORTH
GUJARAT: AN EMPIRICAL INVESTIGATION

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ABSTRACT

Most researchers agree that service quality is extremely important for the achievement of the business goal. According to the Economic Survey 2011 – 12, service sectors continue to perform well. Service sectors are growing at 9.4% and its share in GDP has increased to 59%. This shows that service industry covers almost half of the GDP. This paper describes experience of service quality for Life Insurance business through validated instrument consists of six dimensions namely assurance, technology, tangibles, personalized financing, competence and corporate image. This research highlights analysis of customer expectations and their experience of services. The primary data collection was done through questionnaire; an analysis of data was done by using SPSS (statistical software version 17) with possible graphical or tabular presentation and finally findings and results were summarized. Further the analysis of means highlighted the preference for expectation for quality of services with *tangibles* is the most important dimension followed by *personalized financing*, *corporate image*, *assurance*, *competence* and *technology*. The gap score shows that there is enough room available for improvement in all the aspect of quality of services. It is expected that findings from such survey would constitute vital input for life insurers in designing marketing strategies, which are important for service-improvement journey.

Keywords: Service Quality, Life Insurance Services, Exploratory Factor Analysis, Service Dimensions, Gap Analysis.

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1. Introduction

1.1. Evaluation of Insurance

In ancient world the first methods of transferring or distributing risk were practiced by Chinese and Babylonian traders as long ago. It finds mentioned in the writing of Manu (*Manusmrithi*), Yagnavalkya (*Dharmasastra*) and Kautilya (*Arthasastra*). The writings talk in terms of pooling of resources that could be re-distributed in times of calamities such as fire, floods, epidemics and famine. Insurance activity in its modern form started in 1818. A British company, the **Oriental Life Insurance Society** was formed to provide relief to the distressed relatives of Europeans.

The **Indian Life Assurance Companies Act, 1912** was the first statutory measure to regulate life insurance business. In **1928**, the **Indian Insurance Companies Act** was enacted to enable the Government to collect statistical information about both life and non-life business transacted in India by Indian and foreign insurers including provident insurance societies. An ordinance was issued on **19th January, 1956** nationalizing the Life Insurance sector and **Life Insurance Corporation** came to existence in the same year. The LIC absorbed 154 Indian, 16 non-Indian insurers as also 75 provident societies – 245 Indian and foreign insurers in all. The LIC had monopoly till the late 90s when insurance sector was reopened to private sector.

In **1993**, the Government set up a committee under the chairmanship of **R N Malhotra**, former Governor of RBI, to propose recommendations for reform in the insurance sector. The committee submitted its report in **1994** and recommended that the private sector be permitted to enter the insurance industry. Following the recommendations of the Malhotra Committee report, in 1999, the **Insurance Regulatory and Development Authority (IRDA)** was constituted as an autonomous body to regulate and develop the insurance industry. The **IRDA** was incorporated as statutory body in **April, 2000**.

1.2. Indian Insurance Sector

The **Insurance Sector** is a colossal one and is growing at a speedy rate of 15-20 %. Together with banking services, insurance services add about 7% to the country's GDP. A well-developed and evolved insurance sector is a boon for economic development as it provides long-term funds for infrastructure development at the same time strengthening the risk taking ability of the country. In Insurance industry, there was a growth rate of 24% in the first three quarters of 2011-12 in gross premium collected. The Indian Life Insurance industry has emerged as the mainstay of entire insurance space with Rs. 2.10 trillion (US\$58.7 billion) and has registered remarkable

growth with over 35 crore life insurance policies in force. According to the data collected by IRDA, the 24 life insurance player's premiums collected in Apr-Dec 2011 stood at Rs. 71,953.54 crores (US\$ 14.59 billion) while industry sold out about 27.24 million policies during the period.

2. Background of the Study

A life insurance policy is crucial for financial planning of an Indian. Almost every Indian investor has a life insurance policy that he doesn't want (Kapoor, 2011). Now a Days life insurance companies see service quality as a key component to retain customers and transform them into a long-time client (Sathya Swaroop, 2009). People are naturally touched by high service, which highlight that customer satisfaction should derive from the quality of service. Considering the life insurance business in India as service factory the quality must be analyzed (Schmenner 1986, 2004). Timira Shukla, (2011), executed an empirical investigation of customer perception of brand LIC in Delhi. SERVQUAL scale was used for the different dimensions of service quality and mean scores reveals that there exist gap between customer expectations and perceptions. The result shows that LIC is focusing on the dimensions which are not important to customer and LIC needs to make substantial investment to improve their score on tangibility dimension. Anand Prakash et al. (2011), describes Indians attitude towards service quality for life insurance business presented through different demographical factors. This research reveals that, type of customer personality, age, gender, levels of education, and monthly income influence the attitude towards the service quality. Masood H Siddiqui et al. (2010), used six dimensions for their analyses: assurance, personalized financial planning, competence, corporate image, tangibles and technology. They used service quality measurement tools include SERVQUAL. They proposed the gap model of service quality that explains the gap between expectation and performance perception of the customer. The gap score show that there is wide room for improvement in all the aspects related to service quality. Patrick Asubonteng et al. (1996), provided a review of the SERVQUAL research on service quality in the areas of definition and measurement of service quality, and reliability and validity of SERVQUAL measures. The issues addressed are of important to both service managers and researchers. The services provided by life insurance have very few cues to signal quality. It has been suggested that generally consumers depends on extrinsic cues like brand image to predict and perceive service quality (Gronroos, 1984). There is also lack of price signal due to difficulty in

comparing prices; thus consumer cannot depend on price as an extrinsic cue to signal quality. Moreover, the outcomes of purchase are delayed and thus, a purchase does not produce an immediate reaction towards overall satisfaction. The future benefits of the purchased product are difficult to forecast and take long time to prove its effects (Crosby and Stephens, 1987).

Customers are, therefore, likely to place a high value on their agent's integrity and advise (Zeithamal et al., 1993). The qualities of agent's service and his/her relationship with the customer have found to be the most critical and essential in selling insurance (Slattery, 1989).

Moreover, service quality has proved to be difficult concept to digest. It has been referred to as 'elusive' (Parasuraman et al., 1985; Smith,1999), and research relative to the construct is still considered 'unresolved' (Caruana et al.,200) and 'far from conclusive' (Athanasopoulos, 2000). Authors (Parasuraman et al., 1988; 1991; Carman, 1990) agree that service quality is an abstract concept, difficult to define and measure. Some of the contemporary definitions of service quality are summarized in Table 1. Based on the conceptual and empirical studies, researchers derived and proposed different service quality dimensions for various service industries as shown in Table 2. Hence, there is paucity of systematic academic research to date in respect of service quality for life insurance business.

3. Objectives of the Study

Many researchers have made theoretical and empirical contribution in the field of service quality in various industries, but the area of life insurance is not adequately researched. Some previous studies in this area focused exclusively on relational qualities (Crosby and Stephens, 1987) and on the generic SERVQUAL scale of quality measurement (Parasuraman et al., 1994).

With this perspective, the objective of this paper is to investigate the structure of service quality and the importance of this quality service dimensions from consumer perspective. Further this paper also tries to investigate how well these services are delivered against performance and expectations.

4. Research Methodology

An empirical study was undertaken based on methodology shown in Figure 1, in order to develop a reliable and valid service quality measurement scale. To study the service quality structure and its core dimensions in life insurance industry, we have used Conclusive Cross-sectional Descriptive Research. For the data collection, the survey method and SERVQUAL type

questionnaire relevant to insurance industry was used as an instrument. The questionnaire was divided into three sections. In the first section, the demographic information was collected as shown in Table 3. In the second section information seeking their extent of presence in life insurance product was collected as per Table 4. And finally, in the third section, respondents were asked to evaluate parameters on service quality related in insurance industry on a 5 point scale anchored at 'highly agree' and 'highly disagree'. This consists of 30 statements for both expectation and perception regarding service quality.

To extract service quality parameters, a detailed exploratory identification process was conducted through group discussions with life insurance policy holders and in-depth interviews with life insurance advisors and Officials. The responses were modified and refined from current literature and finally, 30 attributes of service quality in life insurance were finalized.

A pilot study was conducted with a small size of 40 and the respondent provided comments on the clarity and confirmed the validity of items in the questionnaire. The sampling technique employed here is convenience sampling, as we have selected sample element based on our convenience which were easily available. The areas of our sampling are various towns of Mehsana district of North Gujarat region. The sample units are the respondent having at least one life insurance product. The time frame of the study was November 2011 to June 2012.

4.1. Validity Analysis

Content validity; For the current study, the validity of the content of the instruments was ensured as the service dimensions and the attributes were identified from the literatures and exploratory investigation process, and were thoroughly reviewed by academicians and professionals.

4.2. Reliability Analysis

To check whether random error causing inconsistency, we examined the reliability of the data by running Cronbach's alpha reliability test. The result reveals that the minimum value of coefficient alpha (for both expectation and performance score) obtained was 0.664 (Table 5), (substantially higher than 0.6) which indicates that data has satisfactory internal consistency reliability.

5. Analysis and Results

Collected data were analyzed through a series of validated tools and procedures. The results of the analysis are described in the following sub sections.

5.1. Exploratory Factor Analysis

5.1.1. Expectation Score

To explore the underlying dimensions of consumer expectations (expressed by expectation score on 30 statements) of service quality in life insurance industry, exploratory factor analysis was performed. The factor analysis results are shown in Table 6.1, 6.2 and 6.3. The results from Table 6.1 shows that value of KMO statistic is high (0.898) and Bartlett's test of sphericity is significant (Sig = 0.000), which reveals that data are appropriate for factor analysis. The total variance shown in this Table, accounted for all of the six components explain nearly 60.7 per cent of the variability in the original 30 variables (Table 6.2). So, we can reduce the original dataset by using these six components. The Rotated Component Matrix reveals six dimensions of expected service quality derived from 30 variables (shown in Table 6.3) with 21 per cent loss of information and components of each factor have been highlighted.

Factor 1 consist the variables – “Clarity in Explaining policy’s Terms and Conditions”, “Simple and Less Time Consuming Procedure”, “Staff Efficiency in Handling Customer’s Problems”, “Courteous Agents”, “Trained and Well Informed Agents”, “Trusting Agents When Explaining Policies”. As all these variables Assure the policyholder of knowledge of agents and their ability to inspire, trust and confidence, this factor was labeled as **‘Assurance’**.

Factor 2 incorporate the variables – “Easy Online Transaction”, “Online Complaints Handling”, “Proactive Information through E-mails and SMS” “Prompt and Hassle Free Claims Settlement Provided”. Since these variables exhibits the use of modern aids in providing service, can be labeled as **‘Technology’**.

Factor 3 includes the variables – “No. of Branches”, “Accessible Location of the Branch”, “Good Ambience of the Branch”, “Convenient Business Hours”. These variables provide physical facilities and can be labeled as **‘Tangibles’**.

Factor 4 has the variables – “Value for Money”, “Innovativeness in Introducing New Products”, “Availability of Flexible Product Solutions”, “and Provision for Convertibility of Products”, “Provisions of Flexible Payment Schedules” and “Features of the Products”. Since all of these variables provide preferences and options in the personalized services, these altogether can be labeled as **‘Personalized Financial Planning’**.

Factor 5 incorporate the variables – “Prompt & Efficient Grievance Handling Mechanisms”, “Company Understands Intimately Specific Needs”, “Agents Provide Individual Attention”,

“Easy Access to Information Provided by Company” and “Well Informed about the Services that have been Performed”. As these variables describes the ability and willingness of service provider to perform effective and efficient services, can be labeled as ‘*Competence*’.

Factor 6 consist of variables – “Financial Stability of the Company”, “Company’s Certifications and Credentials”, “Supplementary Services”, “Agent Understand Specific Need” and “Agents are Well Experience”. These variables create overall image of the organization in the minds of consumers. So, these variables can be labeled as ‘*Corporate Image*’.

5.1.2. Perception Score

To explain the dimensions of consumer perceptions of service quality in insurance industry, again exploratory factor analysis was performed. The factor analysis outputs are shown in Table 7.1, 7.2 and 7.3. The results from Table 7.1 reveals that the value of KMO statistic is high (0.876) and Bartlett’s test of Sphericity is significant (sig= .000), which is appropriate for factor analysis. The total variance shown in Table 7.2 explains nearly 59.64 per cent of variability in the original 30 variables. So, we can reduce the original dataset by using these six dimensions with 11 per cent loss of information.

5.2. Preference Analysis

Life insurance services are characterized by high involvement of consumers due to complexity in procedures, variability of products available, satisfaction of specific needs and involvement of consumer in every stages of the transaction. All these characteristics makes customer to develop long terms relationship with advisors and service providers to reduce risk and uncertainties (Berry, 1995).As there is a high involvement and risk associated is high, it causes difficulties for service provider to understand sensitivity of customer with various dimensions of service quality. The collected data was analyzed by computing the means of each element of the service quality and each dimension as shown in Table 8. The results reveal that the consumers expect ‘*Tangibles*’ and ‘*Personalized Financing*’ as important dimensions for measuring the quality of services provided by insurance industry. This findings makes sense because in life insurance industry consumer’s involvement is high at every transactions that is why, they see No. of Branches, Accessible Location, Convenient Business Hours and Good Ambience of the Branch as an indicator of quality services. Moreover, as it involves high risk and uncertainty so, Provisions of Flexible Payment Schedules, Value for Money, Features of the Product, Availability of Flexible Product Solutions and Innovativeness in introducing New Products are

the elements of another very important Dimension. Next in the preferential order, 'Corporate Image', 'Assurance' and 'Competence' are the important dimensions with 'Technology' as the dimension is least expected as service quality indicator by the consumers in life insurance industry.

5.3. GAP Analysis

The customer gap is the difference between customer expectations and perceptions (Figure 2). Customer's expectations are standards or reference point that customers bring into the service experience, where as customer perceptions are subjective assessments of actual service experiences (Zeithaml V. A. et. al., 2011). So, to measure the service quality in life insurance industry Gap Analysis (Gap 5 = Perception minus Expectation) was performed. As this analysis is a measurement of satisfaction/dissatisfaction with the quality of service hence, this can be useful tool for management in monitoring the service quality in insurance industry.

The results as shown in Table 9.1 (Each Element Wise) and Table 9.2 (Dimension Wise), negative gap score reveals that there exists a gap between what was expected and perceived, thus indicating a failure in service delivery and service quality in insurance industry. Analyzing the 'gap', we can conclude that insurers have an opportunity to take the appropriate action to improve the quality of their service, giving priority to factors with largest gap score.

The maximum gap in 'Personalized Financing' dimension reflects wide dissatisfaction regarding non delivery of personalized attention to changing needs of policyholders due to the deficiency in availability of flexible product solution, provision for convertibility of products and flexible payment schedules. Again there exists a substantial gap in 'Technology' dimension due to the deficiency in online complaint handling, proactive information through E-Mail or SMS and hassle free claim settlements. This reflects that the technology adopted by company is not user friendly and not keeping the customers with up to date information. Also, there is difference in the performance and expectation levels in the dimension of 'Competence', 'Corporate Image' and 'Assurance' accept 'Tangible'. Prioritized deployment of resources to these dimensions is required to achieve the desired results.

6. Discussion and Managerial Implication

The most important aspect of delivering the quality service is to understand in-depth insight of customer preferences. Often there exist a gap between what customer desires and what service

provider offers. This is true in the case of service providers like life insurance due the association of intangible elements with it. The present study attempts to identify the various elements of service quality with respect to life insurance industry and then to determine the gap between the expectation and perception of these elements.

This study has been undertaken to develop an instrument to measure service quality in life insurance industry. According to this study, a six dimensional instrument consisting of *Personalized Financing, Technology, Competence, Assurance* and *Tangibles* is suggested.

Further the analysis of means highlight the various quality dimensions in life insurance industry, *Tangibles* and *Personalized Financing* are the most determinants of service quality, followed by *Corporate Image, Assurance, Competence* and *Technology*, in that order. Hence the life insurance industry needs to focus on *Tangibles* and *Personalized Financing* in customer terms and the deliver the same.

Results from the gap analysis indicate that there is much to be done with respect to service quality in this industry. Insurers have the opportunity to take the appropriate steps to improve the quality of services, giving priority to the dimension with the largest gap score. The decision making authorities in the life insurance companies can also examine the gap provided by the study to bridge them by developing effective plans. This may leads to greater customer satisfaction as well as unique competitive advantage.

7. Conclusions

The research resulted in the development of a reliable and valid instrument for assessing customer expected and perceived service quality for life insurance services. Here, service quality needs to be measured by constructing dimensions consisting of *Tangibles, Personalized Financing, Corporate Image, Assurance, Competence* and *Technology*. This will help service managers and advisors to allocate their resources effectively and efficiently by focusing on important dimension first. Focusing on the gap analysis, these findings can be used for effective designing of strategies and action plans to achieve competitive advantage through customer satisfaction and retention.

Although this study focuses on life insurance industry in Mehsana district of North Gujarat, the results and recommendation can be extended to Gujarat state and India as whole country. This

can be performed by incorporating necessary changes in service quality aspects in accordance with socio-economic environment of the region.

Further studies in this area should also measure changes in service quality expectations over time in order to have a better understanding of how service quality is perceived. This is because service expectations and perceptions are known to be affected by customer's immediate reaction to specific service encounters. The study can be further extended to investigate the casual relationship between service quality, retention and loyalty enhancing the level of understanding for managers and academicians.

Table 1
Definitions of Service Quality

Sr. No.	Author, Year	Definition
1.	Parasuraman, Zeithaml and Berry, 1988	"Global judgment or attitude, relating to the superiority of the service" (p.16).
2.	Bitner, Booms and Tetreault, 1990	The customer's overall impression of the relative inferiority/superiority of the organization and its services.
3.	Asubonteng, McCleary and Swan, 1996	The difference between customer's expectation for service performance prior to the service encounter and their perceptions of the service received.

Table 2
Service Quality Dimensions

Authors (Year)	Parasuraman, Zeithaml and Berry (1988)	Lehtinen and Lehtinen (1991)	Rosen and Karwan (1994)	Johnson, Tsiros and Lancioni (1995)	Siu and Cheung (2001)	Mehta and Lobo (2002)
Application Areas	Telephone, Brokerage, Insurance, banks and repair & maintenance Co.	Lunch Restaurants, Disco, Pub type Restaurants	Teaching, Restaurants, Bookstores and Healthcare	Bank Customers	Departmental Store Chain	Life Insurance

Dimensions	Reliability	Physical Quality	Reliability	Input Quality	Personal Interaction	Assurance
	Responsiveness	Corporate Quality	Responsiveness	Output Quality	Policy	Personalized Financing
	Assurance	Interactive Quality	Tangibles	Process Quality	Physical Appearance	Similarity with Agents
	Empathy	Process Quality	Access		Promises	Tangibles Competence
	Tangibles	Output Quality	Knowing the Customer Assurance		Problem Solving Convenience	Corporate Image

Table 3

Demographic Characteristics of Respondents

<i>Age</i>		<i>%</i>	<i>Marital Status</i>		<i>%</i>	<i>Education</i>		<i>%</i>
Under 25	25	12.5	Single / Unmarried	41	20.5	Under Graduation	56	28.0
25 – 29	40	20.0	Married	144	72.0	Graduation	80	40.0
30 – 34	20	10.0	Divorced	9	4.5	Post – Graduation	58	29.0
35 – 39	15	7.5	Widow/Widower	6	3.0	Professional	6	3.0
40 – 44	30	15.0	Total	200	100	Total	200	100
45 – 49	20	10.0						
Over 50	200	100						
Total								
<i>Occupation</i>			<i>%</i>	<i>Personal Income per Month</i>			<i>%</i>	
Student	20	10.0	Under 9999	29	14.5			
Home Maker	9	4.5	10000 – 14999	35	17.5			
Business Person	35	17.5	15000 – 19999	64	32.0			
Pvt. Sector Employee	82	41.0	20000 – 24999	33	16.5			
Govt. Employee	35	17.5	25000 – 29999	17	8.5			
Retired / Pensioner	8	4.0	30000 – 43999	11	5.5			
Professional	11	5.5	35000 – 39999	8	4.0			
Total	200	100	40000 – 44999	2	1.0			
			45000 – 49999	1	0.5			
			Over 50000	0	0.0			
			Total	200	100			
<i>No. of family Members</i>			<i>%</i>	<i>No. of Children in Family</i>			<i>%</i>	

1	0	0.0	None	43	21.5
2	8	4.0	1	72	36.0
3	27	13.5	2	58	29.0
4	41	20.5	3	19	9.5
5	70	35.0	4	8	4.0
6	38	19.0	5 and more	0	0.0
7	13	6.5	Total	200	100
8	3	1.5			
9 and More	0	0.0			
Total	200	100			

Table 4

Extent of Presence of Respondent in Life Insurance Product

<i>Preferred Company</i>		<i>%</i>	<i>Policy Holding</i>		<i>%</i>	<i>Premium Per Annum</i>		<i>%</i>
Public (LIC)	116	58.0	Public (LIC)	117	58.5	Under 9999	77	38.5
Private	23	11.5	Private	63	31.5	10000 – 19999	73	36.5
Both	61	30.5	Both	20	10.0	20000 – 29999	30	15.0
Total	200	100	Total	200	100	30000 – 39999	11	5.5
						40000 – 49999	6	3.0
						50000 – 59999	0	0.0
						60000 – 69999	0	0.0
						70000 – 79999	3	1.5
						Above 80000	0	0.0
						Total	200	100

Table 5

Reliability Analysis

Dimensions of Service Quality	No. of Items	Expectation (Cronbach's alpha)	Perception(Cronbach's alpha)
Assurance	6	.844	.768
Technology	4	.715	.717
Tangibles	4	.797	.745
Personalized Financing	6	.689	.796
Competencies	5	.726	.685
Corporate Image	5	.664	.721

Table 6.1

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.898
Bartlett's Test of Sphericity	Approx. Chi-Square	2903.829
	df	435
	Sig.	.000

Table 6.2

Total Variance Explained (Expectations)

Comp onent	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumul ative %
1	10.248	34.160	34.160	10.248	34.160	34.160	4.856	16.185	16.185
2	2.505	8.349	42.509	2.505	8.349	42.509	4.062	13.541	29.726
3	1.650	5.499	48.008	1.650	5.499	48.008	3.174	10.581	40.307
4	1.513	5.042	53.050	1.513	5.042	53.050	2.340	7.800	48.107
5	1.265	4.215	57.265	1.265	4.215	57.265	2.173	7.244	55.351
6	1.019	3.395	60.661	1.019	3.395	60.661	1.593	5.309	60.661
7	.962	3.207	63.868						
8	.897	2.989	66.856						
9	.818	2.726	69.583						
10	.787	2.625	72.207						
11	.775	2.584	74.791						
12	.711	2.368	77.160						
13	.670	2.233	79.393						
14	.593	1.975	81.368						
15	.570	1.900	83.268						
16	.548	1.828	85.096						
17	.477	1.589	86.685						
18	.460	1.534	88.219						
19	.452	1.507	89.726						
20	.415	1.383	91.109						

21	.398	1.328	92.437						
22	.356	1.188	93.625						
23	.314	1.045	94.671						
24	.281	.938	95.609						
25	.267	.890	96.499						
26	.249	.830	97.328						
27	.241	.802	98.131						
28	.195	.650	98.781						
29	.191	.638	99.418						
30	.174	.582	100.000						

Extraction Method: Principal Component Analysis.

Table 6.3

Rotated Component Matrix^a (Expectations)

Elements of Service Quality	Component					
	1	2	3	4	5	6
Financial Stability of the Company.	0.203	0.217	0.296	0.247	-0.140	0.660
Company's Certification and Credentials.	0.204	0.366	0.346	0.244	-0.103	0.577
No. of Branches.	0.472	0.119	0.637	0.022	0.069	0.016
Accessible Location of the Branch.	0.195	0.231	0.703	0.091	0.153	-0.230
Good Ambience of the Branch.	0.241	0.243	0.731	0.017	-0.038	0.237
Convenient Business Hours.	0.117	0.232	0.608	0.135	0.341	0.109
Clarity in Explaining Policy's Terms and Conditions	0.800	-0.020	0.129	0.179	0.111	0.049
Simple & Less Time Consuming Procedure for Purchasing a Policy	0.720	0.212	0.309	0.107	0.013	0.052
Staff Efficiency in Handling Customer's Problems.	0.538	0.410	0.174	0.085	0.168	0.179
Supplementary Services	0.076	0.173	-0.021	-0.014	0.110	0.652
Prompt & Efficient Grievance Handling Mechanisms	0.286	0.214	0.186	0.007	0.634	0.217
Company Understands Intimately Specific Needs	0.244	0.190	0.245	-0.005	0.598	0.217
Courteous Agents	0.565	0.039	0.227	0.182	0.512	-0.107
Trained and Well-Informed Agents	0.709	0.094	-0.036	0.027	0.430	-0.041
Trusting Agents when Explaining Policies	0.560	-0.013	0.129	-0.017	0.395	0.244
Agents Provide Individual Attention	0.252	0.137	0.343	0.258	0.457	0.188
Agents Understands Specific Need	0.015	0.156	0.485	0.307	0.257	0.466

Agents Are Well Experienced	0.211	0.119	0.132	0.334	0.408	0.413
Value for Money	0.509	-0.180	0.249	0.596	0.192	-0.052
Innovativeness in Introducing New Products	0.297	0.175	0.095	0.688	-0.143	0.155
Availability of Flexible Product Solutions	0.176	0.332	0.182	0.530	-0.042	0.363
Provisions for Convertibility of Products	0.255	0.306	-0.019	0.579	0.044	0.190
Provisions of Flexible Payment Schedules	0.029	0.225	-0.202	0.474	0.220	-0.205
Features of the Product	0.088	0.082	0.385	0.474	0.115	0.020
Easy Access to Information provided by the company	0.092	0.323	0.022	0.325	0.593	-0.036
Easy Online Transactions	0.325	0.631	0.299	0.225	-0.114	-0.126
Online Complaint Handling	0.019	0.809	0.163	0.106	0.010	-0.036
Proactive Information through E-Mail Or SMS	0.004	0.676	0.134	-0.013	0.331	0.127
Prompt and Hassle Free Claims Settlement provided	0.011	0.644	0.237	0.106	0.287	0.241
Well informed About the Services that have been Performed	0.076	0.409	0.055	0.051	0.593	0.081
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.						

Table 7.1
KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.876
Bartlett's Test of Sphericity	Approx. Chi-Square	2736.218
	df	435
	Sig.	.000

Table 7.2
Total Variance Explained (Perceptions)

Comp onent	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumul ative %
1	9.277	30.924	30.924	9.277	30.924	30.924	4.638	15.459	15.459
2	2.539	8.464	39.388	2.539	8.464	39.388	2.979	9.931	25.390

3	1.949	6.496	45.884	1.949	6.496	45.884	2.911	9.704	35.094
4	1.684	5.614	51.498	1.684	5.614	51.498	2.768	9.225	44.320
5	1.317	4.390	55.888	1.317	4.390	55.888	2.767	9.222	53.542
6	1.128	3.759	59.647	1.128	3.759	59.647	1.832	6.106	59.647
7	1.048	3.493	63.141						
8	.977	3.256	66.397						
9	.864	2.881	69.277						
10	.854	2.845	72.122						
11	.698	2.327	74.450						
12	.680	2.268	76.718						
13	.655	2.182	78.900						
14	.605	2.017	80.917						
15	.549	1.830	82.748						
16	.526	1.754	84.502						
17	.490	1.635	86.137						
18	.486	1.619	87.756						
19	.454	1.514	89.270						
20	.412	1.373	90.643						
21	.378	1.261	91.904						
22	.360	1.199	93.103						
23	.337	1.123	94.226						
24	.322	1.072	95.298						
25	.299	.996	96.295						
26	.266	.887	97.182						
27	.236	.786	97.969						
28	.218	.726	98.695						
29	.209	.697	99.392						
30	.183	.608	100.000						

Extraction Method: Principal Component Analysis.

Table 7.3
Rotated Component Matrix^a (Perceptions)

Elements of Service Quality	Component
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	1	2	3	4	5	6
Financial Stability of the Company	0.314	0.156	0.262	0.380	-0.098	0.604
Company's Certification and Credentials	0.169	0.157	-0.011	0.406	-0.182	0.681
No. of Branches	0.170	-0.098	0.768	0.082	0.117	0.014
Accessible Location of the Branch	0.330	0.157	0.697	0.141	0.079	-0.047
Good Ambience of the Branch	0.212	0.258	0.551	-0.108	-0.015	0.424
Convenient Business Hours	-0.097	0.316	0.680	0.040	0.114	0.230
Clarity in Explaining Policy's Terms and Conditions	0.581	0.022	0.511	0.140	-0.134	0.030
Simple & Less Time Consuming Procedure for Purchasing a Policy	0.487	0.292	0.247	0.363	0.113	0.043
Staff Efficiency in Handling Customer's Problems	0.506	0.321	0.192	0.217	0.080	-0.007
Supplementary Services	0.127	0.111	0.225	0.274	0.207	0.639
Prompt & Efficient Grievance Handling Mechanisms	0.264	0.523	0.224	0.252	0.356	-0.281
Company Understands Intimately Specific Needs	-0.094	0.365	0.292	0.249	0.524	-0.183
Courteous Agents	0.537	-0.078	0.226	0.204	0.285	0.404
Trained and Well-Informed Agents	0.678	0.113	0.161	0.087	0.217	0.147
Trusting Agents when Explaining Policies	0.737	0.162	0.038	-0.063	0.062	0.088
Agents Provide Individual Attention	0.257	0.349	0.075	0.177	0.522	-0.039
Agents Understands Specific Need	0.124	0.392	0.093	0.013	0.386	0.444
Agents Are Well Experienced	0.118	0.125	0.325	0.118	0.179	0.533
Value for Money	0.387	0.101	-0.288	0.532	-0.093	0.408
Innovativeness in Introducing New Products	0.024	0.056	0.143	0.822	0.021	0.112
Availability of Flexible Product Solutions	-0.018	0.175	0.080	0.697	0.283	0.228
Provisions for Convertibility of Products	0.011	0.452	-0.095	0.473	0.218	0.373
Provisions of Flexible Payment Schedules	0.074	0.053	0.066	0.709	0.309	0.113
Features of the Product	0.241	0.035	0.126	0.485	0.214	0.164
Easy Access to Information provided by the company	0.123	0.164	0.392	0.195	0.460	-0.019
Easy Online Transactions	0.120	0.719	0.209	0.064	0.023	0.139
Online Complaint Handling adopted	0.419	0.600	-0.003	0.115	0.196	0.021
Proactive Information through E-Mail or SMS	0.030	0.494	0.034	-0.069	0.448	0.224
Prompt and Hassle Free Claims Settlement	0.193	0.759	0.036	0.106	0.176	0.087

Well informed About the Services that have been Performed	-0.036	0.022	0.205	0.075	0.772	0.134
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.						

Table 8

Analysis of Means for Preference Priority

Dimension	Element of Service Quality	Expectation Mean	Dimension on Mean
Tangibles	No. of Branches	3.870	3.744
	Accessible Location of the Branch	3.780	
	Convenient Business Hours	3.690	
	Good Ambience of the Branch	3.635	
Personalized Financing	Provisions of Flexible Payment Schedules	4.040	3.722
	Value for Money	3.875	
	Features of the Product	3.755	
	Availability of Flexible Product Solutions	3.615	
	Innovativeness in Introducing New Products	3.575	
	Provisions for Convertibility of Products	3.470	
Corporate Image	Financial Stability of the Company	3.780	3.638
	Agents Are Well Experienced	3.675	
	Company's Certification and Credentials	3.605	
	Supplementary Services	3.570	
	Agents Understands Specific Need	3.560	
Assurance	Simple & Less Time Consuming Procedure for Purchasing a Policy	3.730	3.618
	Clarity in Explaining Policy's Terms and Conditions	3.705	
	Trained and Well-Informed Agents	3.655	
	Staff Efficiency in Handling Customer's Problems	3.565	
	Trusting Agents when Explaining Policies	3.550	
	Courteous Agents	3.500	
Competence	Easy Access to Information provided by the company	3.780	3.573
	Well informed About the Services that have been Performed	3.620	

	Company Understands Intimately Specific Needs	3.605	
	Agents Provide Individual Attention	3.565	
	Prompt & Efficient Grievance Handling Mechanisms	3.435	
Technology	Easy Online Transactions	3.410	3.334
	Proactive Information through E-Mail or SMS	3.350	
	Prompt and Hassle Free Claims Settlement provided	3.330	
	Online Complaint Handling	3.245	

Table 9.1
GAP Analysis of Service Quality Elements in Insurance Industry

Elements of Service Quality	Expectations Mean	Perceptions Mean	GAP Score
Financial Stability of the Company.	3.78	3.81	0.03
Company's Certification and Credentials.	3.60	3.67	0.07
No. of Branches.	3.87	3.95	0.08
Accessible Location of the Branch.	3.78	3.89	0.11
Good Ambience of the Branch.	3.64	3.67	0.03
Convenient Business Hours.	3.69	3.88	0.19
Clarity in Explaining Policy's Terms and Conditions	3.70	3.75	0.05
Simple & Less Time Consuming Procedure for Purchasing a Policy	3.73	3.60	(0.13)
Staff Efficiency in Handling Customer's Problems.	3.56	3.57	0.01
Supplementary Services	3.57	3.39	(0.18)
Prompt & Efficient Grievance Handling Mechanisms	3.43	3.44	0.01
Company Understands Intimately Specific Needs	3.60	3.59	(0.01)
Courteous Agents	3.50	3.48	(0.02)
Trained and Well-Informed Agents	3.65	3.50	(0.15)
Trusting Agents when Explaining Policies	3.55	3.46	(0.09)
Agents Provide Individual Attention	3.56	3.36	(0.20)
Agents Understands Specific Need	3.56	3.43	(0.13)
Agents Are Well Experienced	3.68	3.42	(0.27)
Value for Money	3.87	3.87	0.00

Innovativeness in Introducing New Products	3.57	3.44	(0.13)
Availability of Flexible Product Solutions	3.62	3.40	(0.22)
Provisions for Convertibility of Products	3.47	3.27	(0.20)
Provisions of Flexible Payment Schedules	4.04	3.56	(0.48)
Features of the Product	3.76	3.76	0.00
Easy Access to Information provided by the company	3.65	3.50	(0.15)
Easy Online Transactions	3.41	3.45	0.04
Online Complaint Handling	3.25	2.99	(0.26)
Proactive Information through E-Mail or SMS	3.35	3.06	(0.29)
Prompt and Hassle Free Claims Settlement provided	3.33	3.13	(0.20)
Well informed About the Services that have been Performed	3.62	3.41	(0.21)

Table 9.2

GAP Analysis of Service Quality Dimensions in Insurance Industry

Dimension	Expectations Mean	Perceptions Mean	GAP Score
Personalize Financing	3.722	3.549	(0.232)
Technology	2.868	2.763	(0.176)
Competence	2.978	2.885	(0.111)
Corporate Image	3.032	2.954	(0.093)
Assurance	3.618	3.558	(0.060)
Tangible	3.142	3.210	0.104

Figure 1 – Research Methodology

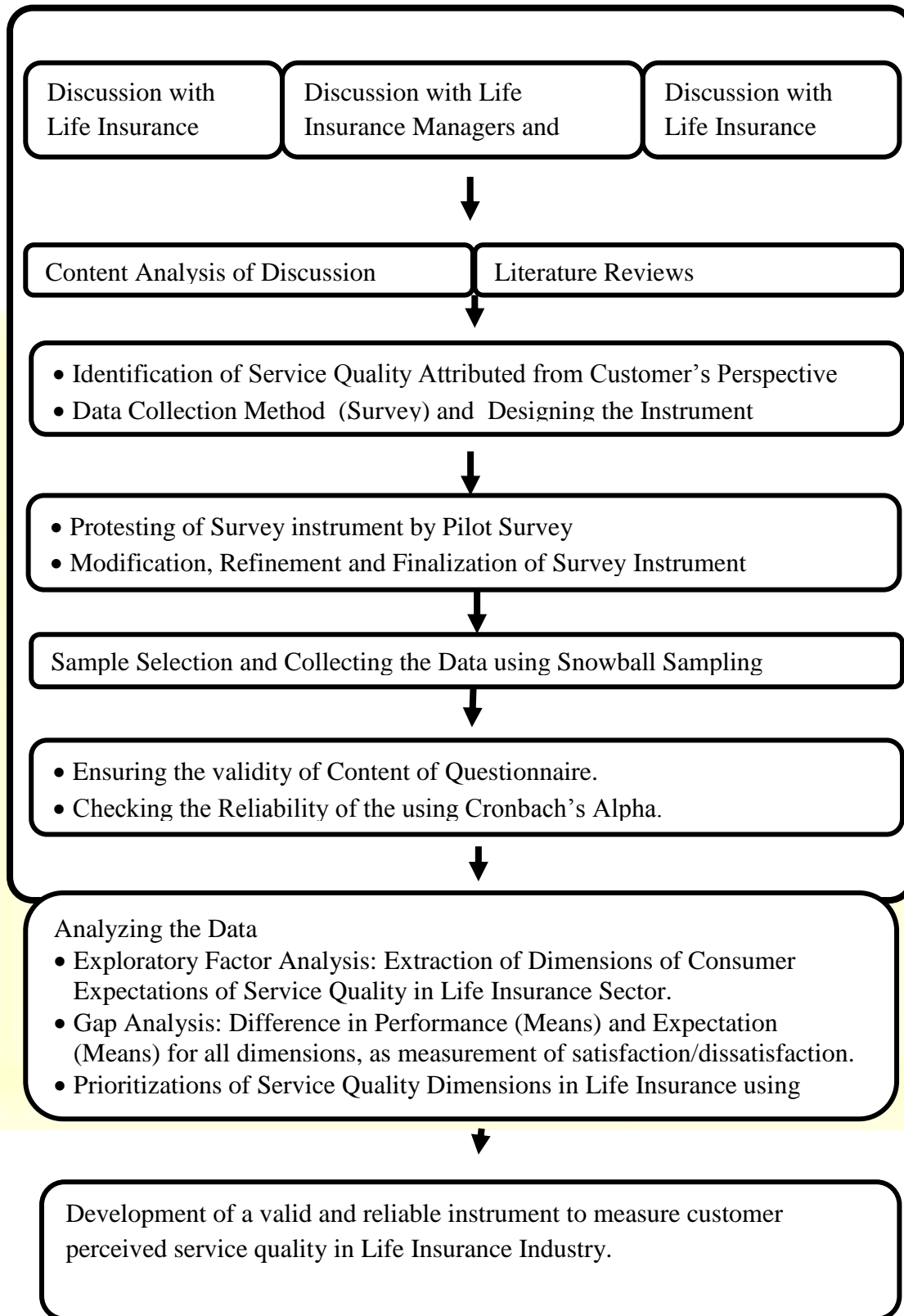


Figure 2 – The Customer Gap

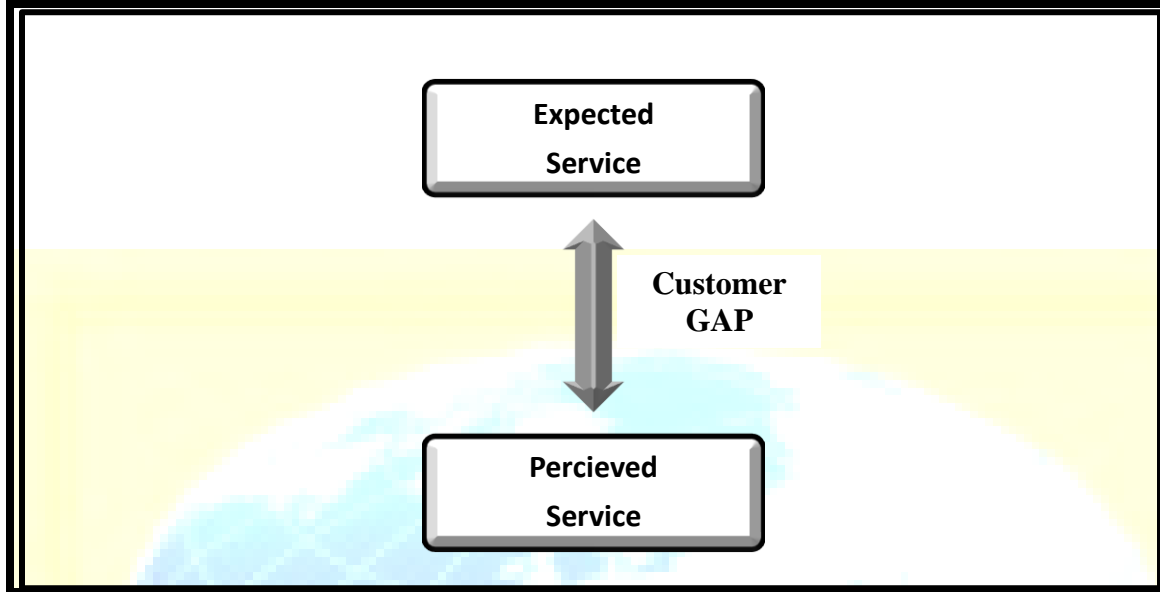
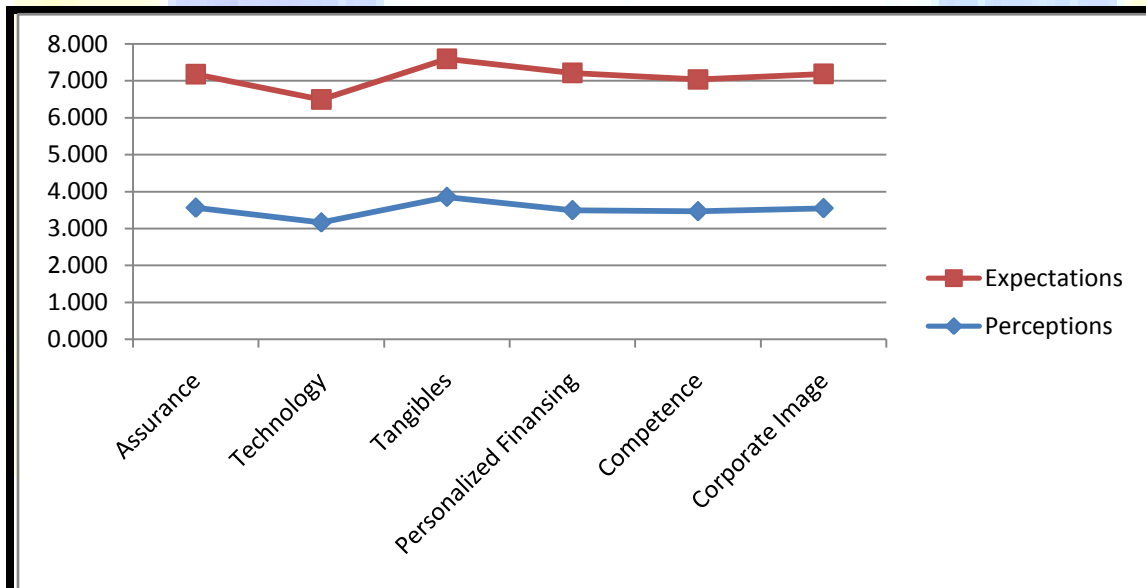


Figure 3 – GAP Analysis of Service Quality Dimensions



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