

Influence of Policyholder Satisfaction with Service Quality in Rural Postal Life Insurance of Tamil Nadu Central Region

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Abstract

This study attempts to examine the influence of service quality on policyholder satisfaction in Rural Postal Life Insurance (RPLI). This study focus service quality measurement scale consisting of five dimensions is tangibility, reliability, responsiveness, assurance, and empathy to measure rural postal Life insurance service. The researcher has adopted simple random sampling to decide the number of policyholders to be chosen from the total population size. The sample sizes are 142 rural postal life insurance policyholders. Researcher used multiple regressions model adopted in this study. The result reveals that, the policyholder satisfaction is highly influenced by assurance than other variables and service quality dimensions positively influence policyholder satisfaction.

Keywords: Service Quality, Policyholder Satisfaction, Rural Postal Life Insurance (RPLI)

Introduction

In life insurance contract, the human life is insured against old age illness, accident, death, etc. Life insurance contract is not a contract indemnity. Hence the insurer has to reimburse a definite sum on the maturity or completion of policy. Life insurance is only for those who survive, and not for the person who passes away. It is moral responsibility of every person to protect his family member from uncertain circumstances or death. Hence life insurance plays a vital role in the world.

The insurance services play a vital role in postal department and there are two types of insurance. One the important and oldest insurance service is postal life insurance another insurance rural postal insurance. Rural postal life insurance came into being as a sequel to the recommendations of the official committee for reform in the insurance sector (malhotra Committee). The committee for reforms in the insurance sector (malhotra committee). The committee had observed in 1993 that only 22% of the insurable population in this country had been insured; life insurance funds accounted for only 10% of the gross household savings. The committee had observed: "The committee understand that rural branch postmasters who enjoy a position of trust

in the community have the capacity to canvass life insurance business within their respective areas". The government accepted the recommendations of malhotra committee and allowed postal life insurance to extend its coverage to the rural area to transact life insurance business with effect from 24.3.1995, mainly because of the vast network of post offices in the rural areas and low cost of operation. Rural postal life insurance is envisaged to provide insurance cover to the rural public in general and benefit weaker section and women workers of rural areas in particular. The scheme shall cover all persons, male or female, who permanently reside in rural areas and ordinarily residents in India to the exclusion of foreigners and non-resident Indians.

Service Quality on Insurance Service

The company's put forward to accomplish the customers' that there is requirement for services. These services depend on the variety of product and it differs in the different organizations. Gronroos (2002) defined as 'a service is an activity or a series of activities of a more or less intangible in nature' that normally, but not necessarily, takes place in the interaction between the customer and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems. Binder et, al. (1990) customers' overall impression of relative inferiority/ superiority of the organization and its service. An evaluation of the degree to which the service provider can match the expectation of the customers in the development of business and its sustainable growth, (Lewis and Booms, 1983).

Table: 1How customers judge the five dimensions of service quality in insurance Service:

Dimension	Factors
Tangibles	convenient location of the office office has spacious branch layout material associated with the service modern and technologically relevant equipments for all operations appearance of personnel
Reliability	policyholder have a problem, office shows a sincere interest in solving it service is performed right at the first time company keeps its promises in accuracy in payment and keeping record correctly performing the services at the designated time
Responsiveness	employees are always be willingness to help policyholder employees give prompt service to policyholder timeliness of service employees are never be too busy to respond to policyholder request appropriately communicating with its customers on the regular basis
Assurance	policyholder feel safe in their transaction with insurance service employees are consistently courteous with policyholder the behaviour of employees instills confidence in policyholder employees have knowledge to answer policyholder enquiries insurer provide precise and detailed information about their products and services
Empathy	understanding policyholders specific needs of their policyholder staffs providing individualized attention to policyholder operating hours convenient to all their policyholder employee give policyholder personal attention

Source :Service quality model (Parasuraman et al. 1988)

Review of Literature

Arash Shahin. (2010) In this paper, service quality and its model of gaps were reviewed. SERVQUAL method as an analytical research for evaluates the difference between customers' expectations and perceptions of quality were also considered. In this paper discussed seven main gaps in the service quality concept. But the service quality model is expansion of parasuraman et al. (1985). Beenish Shameem and Sameer Gupta. (2012) Highlights this paper on completely theoretical in nature and focused on various marketing strategies and on life insurance services that affect the external and internal environment of the firm. The marketing strategy basic approach is to achieve the objectives, and make the vast decision on target markets, market positioning, and marketing mix. This paper discuss on the marketing mix strategies such as product, place, price, promotional activities, people, process and physical evidence and also discuss about the component of marketing strategies are price, advertising, personal selling, word of mouth, institutional image, quality control and marketing orientation. The researcher suggested that the insurance company focusing on different types of products and their needs to target new segments and to attained sustained growth. Behnam Nakhai and Joao S. Neves. (2009) evaluates the contributions of six sigma methodology to improve the service quality on service sector. The study aims to explore the challenges of six-sigma to reach wider in the field of application. Researcher focus on finding out six sigma gaps and also he further identifies in developing the new method and its effectiveness. This study analysis question for the six sigmas makes significant contributions as a service quality philosophy; service quality standard; continuous improvement methodology for services; change agent for service organizations. The service quality model was framed by using dependent variables in service quality and independent variables in expected service and service perceived. The next segment dependent variables are expected service and the independent variables are brand image word of mouth, past experience customers' needs and industry standards company's promotional activities. Bodla and Kuldeep Chaudhary. (2012) assess the overall service quality expected and perceived on life insurance industry and find out the gap between service quality expected and perceived on life insurance industry. The measuring service quality model is based on Suresh Chander et.al (2001) in 7 point likert scale. Based on service quality measures i.e. core service, human elements of service delivery, non - human element of service quality, tangibles of services and social responsibility of service quality. The researcher suggests that to improve the service quality on social responsibility, the reason among five dimension service quality gap is that the social responsibility gap is higher than others. Buttle, F. (1996) Highlights the study on theoretical nature and the

analysis was done by construct validity questions and the researcher face critical issues: evaluate expectation level of service quality and perception level of service quality. Service qualities dimensions incorporate the service quality aspect, and evaluate the outcomes to assess the service quality. The reliability of servqual is computed on Parasuraman et al. (1988) and Babakus and Bollar (1992). Servqual model is based on to compute the coefficient alpha Parasuraman value is better than Babakus and Boller value, but only assurance dimensions value is higher than Parasuraman model value. Chang-Hua Yen et al. (2012) focused on the association between life insurance service providers' attribute and customers' perceived relationship with service quality. The study also focused on the moderating effects of customer gender relationship between service providers' attributes and relationship quality. The researcher collected data from 276 customers from 3 life insurance companies in Taiwan and the study found that the relationship between service providers' attributes and customers' perceived relationship quality is positive.

Objective of the Study

To examine the influence of perceived service quality on policyholders satisfaction of Rural Postal Life Insurance

Research Hypothesis

H1: Service Quality dimensions positively influence on Policyholders' Satisfaction in rural postal life insurance

H1_a: Tangibility quality positively influence on overall policyholder satisfaction in rural postal life insurance

H1_b: Reliability quality positively influence on overall policyholder satisfaction in rural postal life insurance

H1_c: Responsiveness quality positively influence on overall policyholder satisfaction in rural postal life insurance

H1_d: Assurance quality positively influence on overall policyholder satisfaction in rural postal life insurance

H1_e: Empathy quality positively influence on overall policyholder satisfaction in rural postal life insurance

Research Methodology

The purpose of this research work is to analyze and describe the existing characteristics and nature of rural postal life insurance with respect to insurance context. This study also aims to find out the linkage between perceived service quality with policyholders satisfaction and behavioral intentions in Rural Postal Life Insurance. Hence, the proposed is descriptive in nature. The present study is an empirical one based on the both primary and secondary data. The primary data were collected with the help of a structured interview schedule. For the study, population is defined as the policyholders in Rural Postal Life Insurance in

Tamilnadu central region. The representation of the total sample frame as on 24.03.2014, the total number of RPLI policies in Tamilnadu circle is furnished total no. of policyholders at central region (Tiruchirapalli) 28,372 policyholders. The researcher has adopted simple random sampling to decide the number of policyholders to be chosen from the total population size. Hence, the researcher finalized the 0.5 percent (142 policyholders) from the total population. The sample sizes are 142 rural postal life insurance policyholders. Researcher used multiple regressions model adopted in this study.

Analysis and Results

Model Reliability and Significance: The regression model may be build with the dependent and independent variables.

Multiple Regression Model : $DV = a + b_1(IV1) + b_2(IV2) + b_3(IV3) + b_4(IV4) + b_5(IV5)$

$SAT = \text{Constant} + b_1(\text{TAN}) + b_2(\text{REL}) + b_3(\text{RES}) + b_4(\text{ASS}) + b_5(\text{EMP})$

The multiple regression model developed is found to be reliable and significant (P value < 0.05) at 5 percent level of significance.

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	10.682	5	2.136	2.022	.039 ^b
1 Residual	143.713	136	1.057		
Total	154.394	141			

a. Dependent Variable: SAT

b. Predictors: (Constant), TAN, REL, RES, ASS, EMP

Model Fitness: The regression model developed is fit because the R Square (0.69) is closer to 1 and the model may

be generalized because the Adjusted R Square (0.55) is closer to R square.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.763 ^a	.69	.55	1.02796

a. Predictors: (Constant), EMP, RES, REL, ASS, TAN

Significance of Variables in Regression Model:

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	1.611	.728	2.214	.001
	TAN	.025	.155	.016	.158
	REL	.069	.120	.053	.579
	RES	.081	.151	.050	.538
	ASS	.312	.157	.199	1.994
	EMP	.047	.149	.030	.314

a. Dependent Variable: SAT

Results:

$$\text{SAT} = 1.611 + .025(\text{TAN}) + 0.69(\text{REL}) + .081(\text{RES}) + .312(\text{ASS}) + .047(\text{EMP}).$$

Where

DV = SAT : Policyholders' Satisfaction

IV = TAN : Tangibility, REL : Reliability, RES : Responsiveness, ASS : Assurance

EMP : Empathy

The model reveals that, the SAT is highly influenced by assurance (.312) than other variables.

Testing of Hypothesis

The Hypothesis that service quality positively influences policyholders' satisfaction is represented following table.

<i>Hypothesis</i>	<i>Standardized regression weight</i>		
	<i>t-value</i>	<i>Beta</i>	<i>Result</i>
H1 _a : Tangibility positively influence policyholder' satisfaction	.158	.016	Accepted
H1 _b : Reliability positively influence policyholder' satisfaction	.579	.053	Accepted
H1 _c : Responsiveness positively influence policyholder' satisfaction	.538	.050	Accepted
H1 _d : Assurance positively influence policyholder' satisfaction	1.994	.199	Accepted
H1 _e : Empathy positively influence policyholder' satisfaction	.314	.030	Accepted

Table 1 shown that, the standardized coefficient (Beta) of these five paths were 0.16, 0.53, 0.50, .199, and .030 respectively. Critical ratios (t-values) for these paths were .158, .579, .538, 1.994, and .314 (which were all significant at significant at 1% level). These findings provide support for all hypothesis. The dimension of assurance was the most important aspect of service quality for policyholders' satisfaction, whereas the least important was the tangibility dimension.

Conclusion

The present study investigated whether service quality dimensions influence on policyholders' satisfaction in the context of Rural Postal Life Insurance in Tamilnadu central region. The findings of the study are significant determinants of policyholders' satisfaction. More specifically, policyholders indicated satisfaction with the five dimensions of service quality examined in the study (tangibility, responsiveness, reliability, assurance, and empathy). The dimension of assurance had a significant influence on satisfaction.

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