

Effect of Policyholder Satisfaction in Rural Postal Life Insurance in Chennai City Region

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Abstract

This study attempts to examine the impact of policyholder satisfaction on behavioral intention in Rural Postal Life Insurance (RPLI). This study focus on policyholder satisfaction consisting of four factors i.e., proposal & communication process, payment process, policy administration & servicing and claim settlement process are used to measure rural postal Life insurance service. The researcher has adopted simple random sampling to decide the number of policyholders and has been chosen from the total population size and the total numbers of policyholders are 17413. The sample sizes are 174 rural postal life insurance policyholders. Researcher used t-test and ANOVA for the influence of demographic factors of policyholders' satisfaction, multiple regression model is used to find out the impact of policyholder satisfaction on behavioural intention of Rural Postal Life Insurance. The result reveals that the behavioral intention is highly influenced by payment process than other variables and policyholder satisfaction factors are positively influenced by behavioral intention.

Keywords: Policyholder Satisfaction, Behavioural Intention, Rural Postal Life Insurance.

Introduction

Satisfaction is a person's feeling of pleasure or disappointment resulting from comparing a products performance (outcome) in relation to his or her expectation (Kotler & Keller, 2006). Customer satisfaction is an experience based assessment made by the customer on how far his own expectations about the individual characteristics or the overall functionality of the services obtained from the provider have been fulfilled (Bruhn, 2003). Satisfaction is simply the result of things not going in the wrong; fulfilling the needs and desires of customers (Besterfield, 1994). Satisfaction is a psychological concept that involves the feeling of well-being and pleasure that results from obtaining what one hopes for and expects from an appealing product and/or service (World Trade Organisation, 1985).

Policyholder satisfaction with a product or service is influenced significantly by the policyholders' evaluation of product and service feature. For a service such as a insurance service, application process for time taken, terms and condition, communicating the loss of policy, the policy maturity, the policy renewal notice, flexibility of premium payment modes, nomination and assignment process, loan process and paperwork at the time of death/maturity claim. In conducting satisfaction studies, the postal life insurance section will determine

through the vital features and attributes for their service and then measure the perception of those features as well as overall service satisfaction. Research has shown that policyholders of services will make trade-offs among different service features (for example, application and communication process, payment process, policy administration and servicing, and claim settlement process) depending on the type of service being evaluated and the vital of the insurance service.

Review Of Literature

Muruges (2015) examined that satisfaction of the policyholders towards the policies of life insurance corporation and found that the agent/ advisors are concentrating mostly to achieve the target without considering required services. Payal Dutta, (2014) assesses the level of satisfaction of the postal policyholders, reasons for their preferences of Postal Life Insurance (PLI) and RPLI over other insurance policies, identify the obstruction of non-policyholders from investing in such policies. Balaji, (2014) analyzed the awareness of people about insurance policies and found the existing customer satisfaction level with regard to life insurance policies. Researcher found that majority of the respondents came to know about insurance policies through agents and policyholder satisfaction with the life insurance service like brand name, availability of product and services and fulfillment of customer needs. Geetha & Vijaya (2014) analyzed the level of satisfaction of micro (life) insurance policyholders and found that respondents were highly satisfied with premium amount, customer service calls and queries, risk coverage, processing speed in the issue of policy. Boadu & Boakye (2014) reveals that life insurance companies found it difficult to settle claim payment and subject customers to long processing period while some settlement end up in court. Sogunro & Abiola (2013) measured customer satisfaction on life insurance products and found that the policyholders are not satisfied with the life insurance products based on the attributes attached to each of the product. Kathirvel & Radhamani (2013) identified the determinants of satisfaction of policyholders in private life insurance companies and identified that significant relationship between number of policies and level of satisfaction and policyholder who holds one policy has low level of satisfaction. Ashfaque Ahmed (2013) observed the customer perception and attitude of life insurance policies in rural India and discussed current issues and challenges which led to poor penetration of rural life insurance. Choudhuri (2013) identified the significant relationship between customer satisfaction and information technology in Life Insurance Corporation (LIC) and found that the customer satisfaction has a strong relationship with the information technology. Preeti (2013) analysed satisfaction level among the policy holders of public and private

insurance companies and highlighted the new innovative products for their better customer services to expand the business. Nidhi Gupta, (2012) found the factors that influence the customers perceptions and did analysis of the customers regarding the postal life insurance, life insurance corporation and private insurance, and found the reasons for choosing a particular service. Senthilkumar et al., (2012) carried out the study on the performance of post life insurance in India and does the analysis on the postal investor awareness and found the important investments made including insurance product. Shamsuzzaman (2012) examined impact on customer's satisfaction level national life insurance company limited. Bhattacharjee and Dey (2012) determined the satisfaction level of customers towards life insurance policies with various attributes of life insurance is low. Dash & Mishra (2012) measured the customer satisfaction gained by life insurers and the factors used were like brand popularity, financial security and building the relationship are the influential factors to satisfy the customers. Thirumaran & Jai. (2012) analyzed the level of policyholders' satisfaction about life insurance service and found that most of the respondents were satisfied with premium charged by the insurance companies. Khansili (2006) attempts on private life insurance companies in reaching to rural area and discussed how IRDA helped the life insurance companies to target achieve in the rural areas. Kuhlemeyer & Allen (1999) focused on the satisfaction of customer with life insurance product and Life Insurance Company. Researcher examined that customer satisfied with their life insurance agents, life insurance product they own and finally conclude that the customer strongly consider trust, agent knowledge, explanation of products, appropriateness of products and goals as positive aspects when evaluating their agent. Krishnan et al., (1998) examined the customer satisfaction with financial services in the insurance sector.

Researcher used Bayesian analysis, and data collection was done in the leading financial service sector customers. Exploratory research design was used to measure the overall satisfaction with branch service satisfaction, automated telephone service satisfaction, product line satisfaction and financial report satisfaction. Finally high quality of customer service with financial statement and services offered through various ways of importance in delivery such as new technology traditional branch office were also considered as important in determining overall satisfaction.

Research Gap And Statement Of Problem

This paper highlights the source from which the variables were used in this study related to policyholders' satisfaction, and behavioral intention of life insurance sector has been obtained. Based on this existing literature, a conceptual model has been proposed and research gap has been identified. However, limited study has been done on effect

of policyholders’ satisfaction of life insurance. This has been identified as the research gap for the proposed study.

Policyholder satisfaction has longed its performance and vital role for the achievement to continue its existence at the present competitive market in life insurance. Consequently research work proposes to explore policyholder’s satisfaction of rural postal life insurance products and services in Chennai city region. Further a study is needed to ensure the policyholders’ satisfaction level based on the perceived service of the customers. Hence the researcher has made an attempt to gauge the policyholders, satisfaction level with products/services of rural postal life insurance.

Objective Of The Study

To study the effect of demographic variables on policyholders’ satisfaction of Rural Postal Life Insurance Service

Research Hypothesis

The following hypotheses have been framed based on the research objectives.

H01: There is no significant difference among demographic variables with regard to policyholder satisfaction.

H01a :There is no significant difference between male and female with regard to policyholders’ satisfaction on rural postal life insurance services.

H01b: There is no significant difference among age group with regard to policyholders’ satisfaction on rural postal life insurance services.

H01c : There is no significant difference among education qualifications with regard to policyholders’ satisfaction on rural postal life insurance services.

H01d: There is no significant difference among occupations with regard to policyholders’ satisfaction on rural postal life insurance services.

H01e : There is no significant difference among annual income with regard to policyholders’ satisfaction on rural postal life insurance services.

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 policyholders satisfaction and behavioral intentions in Rural Postal Life Insurance. The present study is an empirical one based on both primary and secondary data. The primary data were collected with the help of structured interview schedule. For the study, population is defined as the policyholders in Rural Postal Life Insurance in Tamilnadu Chennai city region. The representation of the same frame of total RPLI policyholders at Chennai city region as on 24.03.2014 is 17,413 policyholders. The researcher has adopted simple random sampling to decide the number of policyholders chosen from the total population size. Hence, the researcher finalized the 1 percent (174 policyholders) from the total population. The sample sizes are 174 rural postal life insurance policyholders. Researcher used t-test, ANOVA adopted in this study.

Results And Discussion

Significant difference for gender with policyholders’ satisfaction on rural postal life insurance services

The purpose is to compare between male and female with regard to application process, communication process, payment process, policy admin & servicing and claim settlement process.

H01a :There is no significant difference between male and female with regard to policyholders’ satisfaction on rural postal life insurance services.

Table :1 Significant difference for gender with policyholders’ satisfaction on rural postal life insurance services

Variables	Gender	Mean	SD	t Value	p value
Proposal& Communication Process	Male	3.71	1.049	.935	.350
	Female	3.79	.944		
Payment Process	Male	3.31	.888	.721	.471
	Female	3.25	.840		
Policy Admin & Servicing	Male	3.48	.809	.449	.654
	Female	3.45	.850		
Claim Settlement Process	Male	3.07	.607	1.116	.265
	Female	3.01	.605		

Since P value is greater than 0.05, the null hypothesis is accepted at 5 percent level of significance. Hence, conclude that there is no significant difference between male and female with regard to application process, communication process, payment process, Policy administration & servicing and claim settlement process. Based on mean score the female policyholders' (3.62) is slightly better opinion on application process than male policyholders' (3.56). Female policyholders' (4.03) is slightly better opinion on communication process than male policyholders' (4.00). Male policyholders' (3.57) is slightly better opinion on payment process than female policyholders' (3.54). Male policyholders' (3.76) is slightly better opinion on Policy administration & servicing than female policyholders' (3.73). Male policyholders' (3.08) is slightly better opinion

on claim settlement process than female policyholders' (3.03).

Significant difference for age group factor with policyholders' satisfaction on rural postal life insurance services

In order to find out the significant difference among age group with policyholders' satisfaction on rural postal life insurance the analysis of variance (ANOVA) was employed and results are shown in Table: 2.

H01b: There is no significant difference among age group with regard to policyholders' satisfaction on rural postal life insurance services.

Variables	Age group in Year	Mean	SD	F Value	p Value
Proposal & Communication Process	Below 30 Years	3.94	.947	2.486	.060
	31-40 Years	3.76	.943		
	41 – 50 Years	3.76	1.037		
	Above 50 Years	3.49	1.062		
Payment Process	Below 30 Years	3.34	.864	.336	.799
	31-40 Years	3.29	.857		
	41 – 50 Years	3.24	.855		
	Above 50 Years	3.23	.897		
Policy Administration & Servicing	Below 30 Years	3.52	.835	.278	.842
	31-40 Years	3.46	.834		
	41 – 50 Years	3.46	.819		
	Above 50 Years	3.40	.862		
Claim Settlement Process	Below 30 Years	2.93 ^a	.438	18.699	.001**
	31-40 Years	2.92 ^a	.456		
	41 – 50 Years	3.08 ^a	.548		
	Above 50 Years	3.51 ^b	1.017		

Note: 1. ** denotes significance at 1% level

2. Different alphabet among age group denote significance at 1% level using Duncan Multiple Range Test (DMRT)

Since p value is less than 0.05, the null hypothesis is rejected at 1 % level of significance. Hence, there is a significance difference among age group with regard to policyholders' satisfaction on claim settlement process. The P value is greater than 0.05, the null hypothesis is accepted at 5 % level of significant. Hence, there is no significance difference among age group with regard to policyholders' satisfaction on application process, communication process, payment process and policy administration & servicing. Based on DMRT, the below 50 years age group is significantly different with above 50 years age group at 1 percent level significant with respect to policyholders' satisfaction on claim settlement process.

Significant difference for education qualifications with policyholders' satisfaction on rural postal life insurance services

In order to find out the significant difference among education qualification with policyholders' satisfaction on rural postal life insurance, the analysis of variance (ANOVA) was employed and results are shown in Table: 3.

H01c : There is no significant difference among education qualifications with regard to policyholders' satisfaction on rural postal life insurance services.

Table:3 ANOVA Test for significant difference among education qualifications with policyholders' satisfaction on rural postal life insurance services

Variables	Educational Qualification	Mean	SD	F Value	p Value
Proposal & Communication Process	Illiterate	3.40	.889	1.566	.155
	Elementary School Level	3.75	.995		
	High School Level	3.76	1.031		
	Graduate Level	3.86	.990		
	Postgraduate Level	4.20	.919		
	Technical Course	3.95	.785		
Payment Process	Illiterate	3.44	.813	1.843	.089
	Elementary School Level	3.22	.819		
	High School Level	3.31	.874		
	Graduate Level	3.23	.907		
	Postgraduate Level	3.00	1.333		
	Technical Course	3.64	.727		
Policy Administration & Servicing	Illiterate	3.47	.661	1.582	.150
	Elementary School Level	3.47	.853		
	High School Level	3.38	.836		
	Graduate Level	3.44	.824		
	Postgraduate Level	3.50	1.080		
	Technical Course	3.91	.526		
Claim Settlement Process	Illiterate	3.16	.520	.623	.712
	Elementary School Level	3.03	.620		
	High School Level	3.01	.605		
	Graduate Level	3.00	.535		
	Postgraduate Level	3.10	1.101		
	Technical Course	3.18	.395		
	Others	3.09	.831		

Since P value is greater than 0.05, the null hypothesis is accepted at 5 % level of significance. Hence there is no significant difference among education qualification with regard to policyholders' satisfaction on application process, communication process, payment process, policy administration & servicing and claim settlement process.

Significant difference for occupations with policyholders' satisfaction on rural postal life insurance services

In order to find out the significant difference among occupation with policyholders' satisfaction on rural postal life insurance the analysis of variance (ANOVA) was employed and results are shown in Table: 4.

Ho1d: There is no significant difference among occupations with regard to policyholders' satisfaction on rural postal life insurance services.

Table:4 ANOVA Test for significant difference among occupations with policyholders' satisfaction on rural postal life insurance services

Variables	Occupation Group	Mean	SD	F Value	p Value
Proposal & Communication Process	Farmer	3.71 ^{ab}	1.019	2.728	.029*
	Agricultural Laborer	3.77 ^b	.967		
	Businessman	3.84 ^b	1.003		
	Non-Agricultural Laborer	4.00 ^b	.878		
	Professional Employee	3.44 ^a	1.087		
Payment Process	Farmer	3.28	.838	1.185	.316
	Agricultural Laborer	3.22	.811		
	Businessman	3.16	.934		
	Non-Agricultural Laborer	3.38	1.033		
	Professional Employee	3.44	.836		

Policy Administration & Servicing	Farmer	3.50	.775	.120	.975
	Agricultural Laborer	3.44	.866		
	Businessman	3.45	.810		
	Non-Agricultural Laborer	3.48	.892		
	Professional Employee	3.42	.770		
Claim Settlement Process	Farmer	3.08	.572	.244	.913
	Agricultural Laborer	3.04	.651		
	Businessman	3.00	.632		
	Non-Agricultural Laborer	3.00	.561		
	Professional Employee	3.02	.541		

Note: 1. * denotes significance at 5% level

2. Different alphabet among occupation group denote significance at 5% level using Duncan Multiple Range Test (DMRT)

Since p value is less than 0.05, the null hypothesis is rejected at 5 %level of significance. Hence there is a significant difference among occupational group with regard to policyholders' satisfaction on application process. The p value is greater than 0.05, the null hypothesis is accepted at 5 % level of significant. Hence there is no significance difference among occupation group with regard to policyholders' satisfaction on communication process, payment process, policy administration & servicing and claim settlement process. Based on DMRT the professional employee is significantly different with agricultural labourer, businessman, non-agricultural labourer at 5 percent level significance. But the farmer is not different

with other occupational group with respect to policyholders' satisfaction on application process.

Significant difference for annual income with policyholders' satisfaction on rural postal life insurance services

In order to find out the significant difference among annual income with policyholders' satisfaction on rural postal life insurance the analysis of variance (ANOVA) was employed and results are shown in Table: 5.

H01e : There is no significant difference among annual income with regard to policyholders' satisfaction on rural postal life insurance services.

Table:5 ANOVA Test for significant difference among annual income with policyholders' satisfaction on rural postal life insurance services					
Variables	Annual Income group	Mean	SD	F Value	p Value
Proposal & Communication Process	Below Rs.50000	3.76	.994	3.756	.061
	Rs.50001-100000	3.86	.980		
	Rs.100001-150000	3.26	.944		
	Above Rs.150000	3.27	.786		
Payment Process	Below Rs.50000	3.29	.844	.211	.889
	Rs.50001-100000	3.26	.907		
	Rs.100001-150000	3.26	.944		
	Above Rs.150000	3.09	.539		
Policy Administration & Servicing	Below Rs.50000	3.46	.809	.633	.594
	Rs.50001-100000	3.50	.893		
	Rs.100001-150000	3.30	.869		
	Above Rs.150000	3.27	.467		
Claim Settlement Process	Below Rs.50000	3.06	.622	.417	.741
	Rs.50001-100000	3.00	.566		
	Rs.100001-150000	3.00	.734		
	Above Rs.150000	3.00	.234		

Note: 1. **denotes significance at 1% level

2. Different alphabet among annual income group denote significance at 1% level using Duncan Multiple Range Test (DMRT)

Since P value is less than 0.05, the null hypothesis is rejected at 1 % level of significance. Hence there is a significant difference among annual income with regard to policyholders' satisfaction on application process. The p value is greater than 0.05, the null hypothesis is accepted at 5 % level of significant. Hence there is no significant difference among annual income with regard to policyholders' satisfaction on communication process, payment process, policy administration & servicing and claim settlement process. Based on DMRT the above Rs.100000 annual income group is significantly different with below Rs.100000 annual income group at 1 percent level significance with respect to policyholders' satisfaction on application process.

Conclusion

The present study investigated whether demographic variable influence on policyholder satisfaction in the context of Rural Postal Life Insurance in Chennai city region. The findings of the study are consistent with those of prior research in concluding that: there is no significant difference between demographic variable and policyholder satisfactions in Rural Postal Life Insurance. Contrary to the finding commonly reported in the literature, the present study found no difference between demographic variable and policyholders' satisfaction. This finding indicates that policyholders' provide negative feedback if their expectation are unmet, at a very low level. Moreover, the study finds that policyholders who do not intend to provide positive feedback are likely to remain silent and turn to service provider.

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