

“A Study Of Consumer Perception About Service Quality Of Indian Non-Life Insurance Companies: Comparative Analysis between Governments Owned Non-Life Insurance and Privately Owned Non-Life Insurance.”

Dr. Aashish S.Jani

Assistant Professor

Smt.M.M.K.College of Commerce & Economics.Bandra.Mumbai-50

I. Introduction:

Due to increasing competition in insurance sector, understanding the customer perception about service quality is becoming indispensable. Insurance in India is usually understood as a measure to save the tax for an individual. It is not considered as a medium of investment by most of the people.

After independence LIC was nationalized in 1956 and then the general insurance business was nationalized in 1972. Till the end of 1999-2000 fiscal years, LIC and GIC were the monopoly insurance (both Life and Non-life) providers in India. Under GIC there are four subsidiaries: National Insurance Company Limited, Oriental Insurance Company Limited, New India Assurance Company Limited and United India Assurance Company Limited.

India accounts 3.2% of the Asia-Pacific non-life insurance market value. The Indian Non-life insurance grew by 13.8% in 2009 to reach a value of \$7.8 billion. The market value forecast, by 2014 the Indian non-life insurance market has the value of \$11.3 billion. The New India Assurance Ltd is the leading player in the Indian Non-life insurance market, generating a 16.9% of the market value.

The Non-life Insurance industry has been growing in excess of 20% over the last two years however the penetration was as low as 0.7% of the GDP in FY10. The key factors for growth include:

- Product pricing, innovation and simplicity
- Distribution
- Compensation
- Micro-insurance in non-life widening reach
- Governance and regulatory changes
- Health insurance
- Innovative products to counter the competition
- Improved fraud control mechanisms
- Standardization to reduce claims loss
- Reducing inefficiencies by revisiting Third Party Administrator (TPA) agreements.

The reforms in the insurance industry were initiated in 1999 and the private sector non-life insurance company started their business in 2000. In 2000-01 the GOI lifted the entry restrictions for private sector insurance players; foreign investment in insurance market was allowed with 26% capital.

The Indian market is one of the biggest markets in the world having huge population of more than one billion. Insurance is one of the best sectors presenting growth in the market. As the competition is increasing among all the insurance players they are up coming with new inventive insurance products to catch the attention of more and more customers.

II. Nature Of Public And Private Sector Non-Life Insurance:

In life insurance LIC still controls the life insurance market. The insurers in Non-life segment are finding it difficult to compete with the new private insurance companies. Non-life insurance is a modern and professional service industry which is characterized by high involvement of the customers due to the importance of tailoring to the specific needs, the variability of the products available, and the involvement of customers in every aspect of the transaction.

After liberalization Non-life insurance sector also witnessed significant changes/ reforms in the form of new delivery channels like banc assurance, corporate agents, brokers and direct selling through internet. The

customer is now better informed and his expectations are on the rise in marketing. Under this situation, there is a need to assess competitiveness of public and private Non-life insurance companies in terms of their service quality.

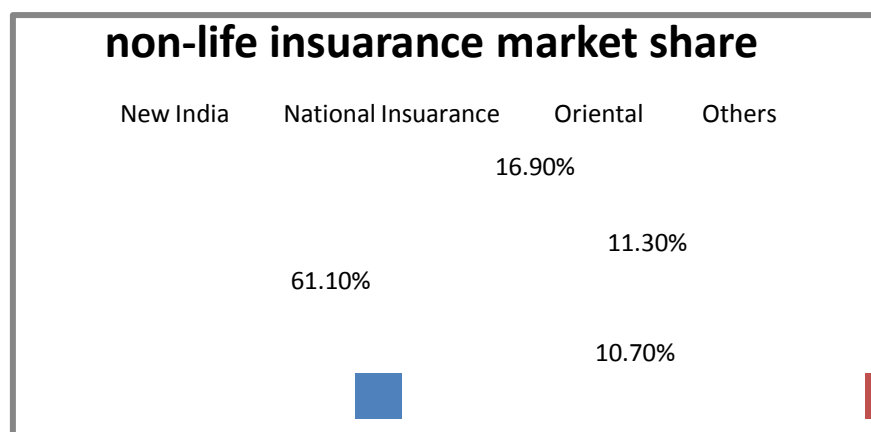
Public Non-life Insurance:

1. Oriental Insurance companies Ltd.
2. United India Insurance Companies Ltd.
3. New India Assurance companies Ltd.
4. National Insurance companies ltd.
5. The Motor Assurance India companies Ltd.

Private Non-life Insurance:

1. Bajaj Allianz General Insurance
2. Bharti AXA General Insurance
3. Future Generali India Insurance
4. HDFC ERGO General Insurance
5. ICICI Lombard
6. IFFCO Tokio
7. Liberty Videocon General Insurance Co Ltd
8. L&T General Insurance
9. Magma HDI General Insurance Co Ltd
10. Raheja QBE General Insurance
11. Reliance General Insurance
12. Royal Sundaram
13. Shriram General Insurance
14. Tata AIG General
15. Universal Sompo General Insurance
16. Cholamandalam MS General Insurance Company Limited
17. Apollo Munich Health Insurance

Chart 1: Market share of Non-life Insurance Companies in India (2012)



The present study within the Non-life insurance company as a whole is conducted to measure the effectiveness of their service quality and thereby evaluating the user perception towards Public and Private sector Non-life insurance companies.

Segmentation: (Types Of Non-Life Insurance)

1. Agricultural
2. Aviation
3. Car insurance
4. Engineering
5. Fire insurance

6. Health insurance
7. Home insurance
8. Marine insurance
9. Motor insurance
10. Shop/office insurance
11. Travel insurance

Due to time and other constraints the scope of present study has been restricted to Health i.e. Medical Insurance only.

Objectives Of Study:

1. To study the factors affecting consumer perception regarding service quality in Non-life Insurance sector.
2. To compare the service quality perceptions of the consumers in Public and Private Non-life Insurance companies.
3. To analyze the strengths and weaknesses affecting the service quality perceptions of the consumers in Public and Private Insurance Companies.
4. To suggest the measures to improve service quality among Non-life Insurance companies.

HYPOTHESIS:

1. **H₀**: There is no significant difference in the service quality perception of the customers in Public and Private sector Non-life insurance.
2. **H₁**: There is significant difference in the service quality perception of the customers in Public and Private sector Non-life insurance.

Scope Of The Study:

- The study is specific to Bhavnagar, popular city & district of Gujarat.
- The study includes the different factors affecting consumer satisfaction regarding service quality provided in Public and Private sector Non-life insurance.
- The study has been restricted to Health i.e. Medical Insurance only.

Need Of The Study:

This research paper attempt to analyze factors affecting consumer perception towards their preference for insurance policy based on the effectiveness of service quality provided by them and thereby perceived usefulness of Non-life insurance among the customers in India.

III. Research Methodology:

For the current study responses have seen gathered through questionnaire on a sample size of 200, chosen on the basis of convenience sampling from two public sectors, two private sector Non-life insurance in the Bhavnagar, city of Gujarat, situated in the western region of India with diverse economic population.

The survey was conducted in the month of November 2014. The New India Insurance and Oriental Insurance represent the public sector banks while Bajaj Alliance and Future Generally represent private sector banks. The sample size of 200 is divided equally as 50 from two public sector & 50 from two private sectors each Non-life insurance from different branches randomly selected from Bhavnagar city.

This is an analytical study based on primary data collected and self administered by the researcher. Secondary data were collected from various published and unpublished sources such as bank documents, brochures, magazines, manuals, journals and internet.

Data Analysis:

The perception and satisfaction of Non-life customers is evaluated on the basis of 22 parameters. The degree of perception towards the service quality is quantified by using 5 point likert scale from Strongly Agree; Agree; Undecided; Disagree; Strongly Disagree.

Each parameter is identified for the study is based on following dimensions.

In the questionnaire statements were grouped under five dimensions.

1. Tangibility-This dimension is associated with physical facilities, equipments, appearances or layout. It also ensures the ability to perform the promised service dependably and accurately. It is verified by following characteristics.
 - Infrastructure facility at branch
 - Physical Layout
 - Technical Advancement
 - Appearance of staff
2. Reliability- The dimension reliability takes in to consideration the dependability of the services offered. It is verified by following characteristics.
 - Goodwill in the market
 - Updated information on records
 - Sound financial strength
 - Quick service
3. Responsiveness- This dimension specifically associated with risk elements involved in insurance business. It deals with how effectively customer’s grievances are handled and confidence is generated towards the settlement of claims. It is verified by following characteristics.
 - Availability of employees on time
 - Availability of top officials on time
 - Polite and Co-operative
 - Quick settlement of claims
 - Consumer Grievances
4. Assurance- It refers to level of confidence which is identified with effective & efficient services provided to customers. It is verified by following characteristics.
 - Safety of investment
 - Consumer Guidance
 - Correspondence with agents
 - Convenience
 - Effective Product presentation
5. Empathy- It is associated with specific efforts directed towards the customers in order to encourage their investment in Non-life insurance companies. It is verified by following product characteristics.
 - Consumer Awareness Programme
 - Commitment and Ethical behavior
 - Special attention to customers need
 - Diversified product line

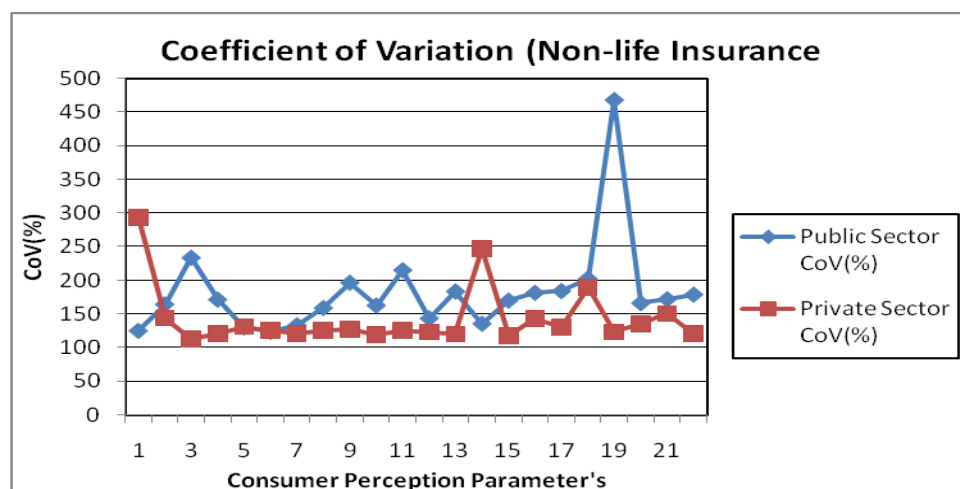
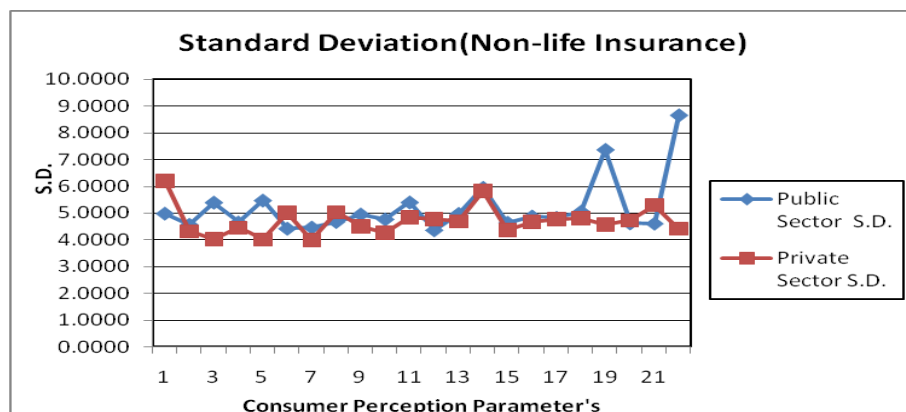
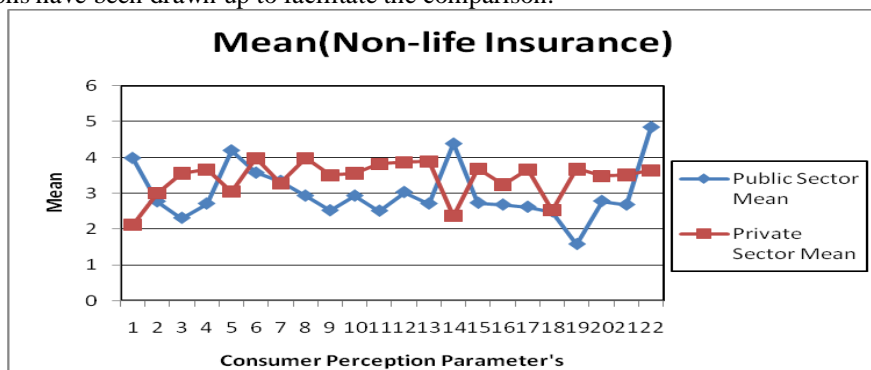
The parameters have been quantified by calculating Mean,Standard deviation and Coefficient of Variation, with regard to Public and Private sector Non-life Insurance in Table:1.

NO.	PARAMETES	Mean	Mean	Std.Dev.	Std.Dev.	Coeff.Var.	Coeff.Var.
		Public sector	Private sector	Public sector	Private sector	Public sector (%)	Private sector (%)
	TANGIBILITY						
1	Infrastructure facility at branch	3.98	2.12	4.9799	6.2024	125.02	293.03
2	Physical Layout	2.78	3.19	5.2364	4.3738	188.13	137.04
3	Technical Advancement	2.31	3.56	5.3915	4.0235	233.58	113.07
4	Appearance of staff	2.71	3.67	4.6456	4.4541	171.53	121.48
	RELIABILITY						
5	Goodwill in the market	4.19	3.05	5.4663	4.0059	130.41	131.34
6	Updated information on records	3.57	3.98	4.4154	5.0166	123.8	126.20
7	Sound financial strength	3.34	3.28	4.4572	3.9864	133.38	121.72
8	Quick service	2.93	3.98	4.4668	5.0315	159.09	126.31
	RESPONSIVENESS						
9	Availability of employees	2.52	3.51	4.9464	4.4935	196.54	127.78
10	Availability of top officials	2.93	3.56	4.7639	4.2734	162.87	119.82
11	Polite and Co-operative	2.51	3.83	5.3983	4.8414	215.21	126.30
12	Quick settlement of claims	3.03	3.87	4.3549	4.7713	143.57	123.40
13	Consumer Grievances	2.71	3.9	4.9714	4.6893	183.56	120.24
	ASSURANCE						
14	Safety of investment	4.38	2.37	5.9458	5.8294	135.65	246.31

15	Consumer Guidance	2.73	3.69	4.6358	4.3690	170.12	118.35
16	Correspondence with agent	2.68	3.24	4.8717	4.6664	181.55	143.95
17	Convenience	2.62	3.67	4.8204	4.7790	184.22	130.34
18	Effective product presentation	2.49	2.53	5.0506	4.7966	202.7	189.97
	EMPATHY						
19	Consumer Awareness Program	1.58	3.68	7.3690	4.5607	467.88	123.82
20	Commitment & Ethical behavior	2.78	3.48	4.6133	4.7266	166.25	136.02
21	Special attention to customer	2.68	3.52	4.6019	5.2962	172.03	150.60
22	Diversified Product line	4.84	3.64	8.6611	4.4108	178.95	121.12

Table 1: Statistical Response Of Consumer Perception

Following graphs have been drawn up to facilitate the comparison.



Correlation analysis indicates the relationship between public and private sector non-life insurance. The relative measure for correlation between two types of insurances is given by Karl Pearson's coefficient of correlation(r).

Table 2: Correlation Analysis-Response Of Consumer Perception

NO.	PARAMETER	CORRELATION (r)
	TANGIBILITY	
1	Infrastructure facility at branch	-0.43
2	Physical Layout	0.57
3	Technical Advancement	-0.34
4	Appearance of staff	0.14
	RELIABILITY	
5	Goodwill in the market	0.55
6	Updated information on records	0.96
7	Sound financial strength	0.98
8	Quick service	0.37
	RESPONSIVENESS	
9	Availability of employees	0.11
10	Availability of top officials	0.49
11	Polite and Co-operative	0.07
12	Quick settlement of claims	0.57
13	Consumer Grievances	0.04
	ASSURANCE	
14	Safety of investment	-0.47
15	Consumer Guidance	0.13
16	Correspondence with agent	0.70
17	Convenience	0.19
18	Effective product presentation	0.96
	EMPATHY	
19	Consumer Awareness Program	-0.39
20	Commitment & Ethical behavior	0.25
21	Special attention to customer	0.14
22	Diversified Product line	-0.29
	<i>*Refer Annexure 1</i>	

The Z test has been adopted to test the significance of co-efficient of variation percentages.

Table 3: Z Test Analysis -Response Of Consumer Perception

NO.	PARAMETER	Z value
	TANGIBILITY	
1	Infrastructure facility at branch	-5.777*
2	Physical Layout	2.405*
3	Technical Advancement	5.087*
4	Appearance of staff	2.609*
	RELIABILITY	
5	Goodwill in the market	-0.055
6	Updated information on records	-0.149
7	Sound financial strength	0.707
8	Quick service	1.767
	RESPONSIVENESS	
9	Availability of employees	3.213*
10	Availability of top officials	2.333*
11	Polite and Co-operative	3.903*
12	Quick settlement of claims	1.167
13	Consumer Grievances	3.161*
	ASSURANCE	
14	Safety of investment	-4.311*
15	Consumer Guidance	2.737*

16	Correspondence with agent	1.778
17	Convenience	2.616*
18	Effective product presentation	0.502
EMPATHY		
19	Consumer Awareness Program	7.787*
20	Commitment & Ethical behavior	1.542
21	Special attention to customer	1.027
22	Diversified Product line	2.932*
	<i>*Refer Annexure 2</i>	

Parameter Wise Interpretation Of Data:

- 1. Infrastructure facility at branch:** In most of the cases consumers do not visit branches directly but they visit through their agents. Easy accessibility towards the branch location is very important particularly among semi-urban and rural areas. Regarding location of branch offices Public sector Non-life Insurance is perceived better than private sector. This is evident from the fact that the mean score of public sector Non-life Insurance is 3.98 higher than private sector Non-life Insurance 2.12. The standard deviation regarding branch location being 4.9799 (for public sector) & 6.2024 (for private sector) seems to be different. This is further confirmed by the coefficient of variation which is 125.02% & 293.03% respectively. There is Negative correlation in the consumer perception pattern which means consumer perception vary in the opposite direction for both public and private sector Non-life Insurance with this parameter.
- 2. Physical layout:** Private sector Non-life Insurance more effectively provide better physical layout for business transactions as compared to public sector Non-life Insurance. The mean score of private sector Non-life Insurance is 3.19 whereas that of public sector Non-life Insurance is 2.78. It indicates that private sector Non-life Insurance is better in providing good physical interiors. The standard deviation of public sector Non-life Insurance is 5.2364 which is higher than private sector Non-life Insurance i.e 4.3738. This is further stressed by coefficient of variation which is 188.13 % (public sector) & 137.04% (private sector). There is a moderate positive correlation in consumer perception pattern.
- 3. Technical advancement:** In terms of technical advancement both public and private sector Non-life Insurance are almost opposite. The private sector Non-life Insurance seems to score 3.56 over the private sector i.e.2.31. The standard deviation being 5.3915 & 4.0235 respectively seem to be divergent. This is this is further confirmed by coefficient of variation which is 233.58% (public sector) & 113.07% (private sector). There is moderate but negative correlation in consumer perception pattern.
- 4. Appearance of staff:** With reference to physical appearance i.e. neat and clean look of staff private sector Non-life Insurance are perceived better than public sector insurances. This is evident from the fact that the mean score of private sector is 3.67 higher than public sector bank 2.71. The standard deviation being 4.6456 (for public sector) & 4.4541 (for private sector) seems to be different. This has been emphasized by the coefficient of variation which is 171.53% & 121.48% respectively. There is moderately low positive correlation in the consumer perception pattern.
- 5. Goodwill:** Good advertisement and promotion in the market, safety of investment goes well for the public Non-life Insurance Company and brings goodwill in the market. Hence the mean score of public sector 4.19 is which is higher than private sector Non-life Insurance i.e.3.05. The standard deviation being 5.4663 & 4.0059 respectively seem to be divergent, which is confirmed by coefficient of variation which is 130.41% (public sector) & 131.34% (private sector). There is moderately high positive correlation in consumer perception pattern.
- 6. Updated information on records:** In terms of updated information on transactions and records both Non-life Insurances are almost similar. It is reflected in mean scores of private sector Non-life Insurance which is 3.98 and 3.57 mean score of public sector Non-life Insurance. The standard deviation with reference to rating pattern is 5.0166 (private) & 4.4154 (public) indicating a marginal degree of divergence. This has been confirmed by coefficient of variation which is 123.08% (public sector) & 126.20% (private sector). There is high positive correlation in consumer perception pattern.
- 7. Sound financial strength:** in this respect mean score of public sector Non-life Insurance is 3.34 marginally over private Non-life Insurance 3.28. The standard deviation being 4.4572 & 3.9864 respectively, does not seem to be significantly divergent, the coefficient of variation is 133.38% (public sector) & 121.72% (private sector). There is a high positive correlation in consumer perception pattern.

- 8. Quick service:** The private sector Non-life insurance appear to provide better time saving services while operating accounts i.e. payment of premium, settlement of claims etc. regularly. It is evident from the mean score of private sector non-life insurance which is 3.98 over 2.93 mean score of public sector non-life insurance. The standard deviation is 5.0315 (private) & 4.4668 (public) showing a moderate degree of divergence, which is confirmed by coefficient of variation which is 159.09% (public sector) & 126.31% (private sector). There is moderate and positive correlation in consumer perception pattern.
- 9. Availability of employees:** The private sector non-life insurances are perceived to be better in providing better availability of employees over the public sector non-life insurances. This is evident from the fact that the mean score of private sector is 3.51 whereas that of public sector banks is 2.52. Most of the public sector non-life insurance employees are non cooperative and unavailable which ultimately affects their service quality. The standard deviation being 4.4935 & 4.9464 respectively, showing marginal degree of divergence, this has been further emphasized by the coefficient of variation at 127.78 (private sector) & 196.54 (public sector). There is low and positive correlation in consumer perception pattern.
- 10. Availability of officers:** With respect to availability of officers private non-life insurance is scoring slightly better than public sector. The mean score of private is 3.56 whereas that of public sector is 2.93. The standard deviation is 4.2734 (private) & 4.7639 (public) respectively, which is affirmed by coefficient of variation which is 119.82 (private sector) & 162.87 (public sector). There is positive correlation in consumer perception pattern.
- 11. Polite and Co-operative:** It is the common complaint with regard to attitude of staff while serving customers in public sector non-life insurance. Regarding this parameter private sector banks have an advantage over the public sector. The mean score is 2.51 (public) & 3.83 (private). The standard deviation is 4.8414 (private) & 5.3983 (public) does not seem to be significantly divergent, which has been emphasized by coefficient of variation which is 215.21% (public sector) & 126.30% (private sector). There is low degree of positive correlation in consumer perception pattern.
- 12. Quick settlement of claims:** With respect to easy and quick settlement of claim Private non-life insurance customers is better in the claim settlement procedure, than public sector non-life insurance customers. Mean score of public sector 3.03 whereas private sector non-life insurance is 3.87. The standard deviation being 4.3549 & 4.7713 respectively, does not seem to be divergent. The coefficient of variation is 143.57% (public sector) & 123.40% (private sector). There is positive correlation in consumer perception pattern.
- 13. Consumer grievances:** There is a significant difference existing in terms of customer complaints and grievances as highlighted by mean score of 3.9 (private) & 2.71 (public). The standard deviation 4.6893 & 4.9714 respectively indicates high degree of divergence which is proved by coefficient of variance 120.24% & 183.56% respectively. There is low and positive correlation in consumer perception pattern.
- 14. Safety of investment:** Again there is significant difference exist in terms of safety of investment .In this context the mean score is 4.38 (public) & 2.37 (private). The standard deviation is 5.8294 (private) & 5.9458 (public) indicating slight divergences, which has been confirmed by coefficient of variation at 135.65% (public sector) & 246.31% (private sector). There is moderate but negative correlation observed in consumer perception pattern.
- 15. Consumer Guidance:** With regard to investment, tax and other advisory services, private non-life customers are making better than public sector consultants which is evident from the mean score is 2.73 (public) & 3.69 (private). The standard deviation being 4.6358 & 4.3690 respectively does not seem to be divergent. The coefficient of variation is 170.12% (public sector) & 118.35% (private sector). There is low positive correlation in consumer perception pattern.
- 16. Correspondence with agents:** With regard to better atmosphere and repo with agents regular meetings are inevitable and it is observed that private non-life customers are making better use of this aspect in development of company business than public non-life customers. The mean score of public sector is 2.68 whereas private sector is 3.24 .The standard deviation is 4.8717 & 4.6664 respectively, which is slightly divergent, further affirmed by coefficient of variation which is 181.55%(public sector) & 143.95% (private sector). There is high degree of positive correlation in consumer perception pattern.
- 17. Convenience:** In this parameter also private sector insurances are doing better, as more customers are availing insurance facility conveniently from private non-life insurance through technical advancement. The public sector has a mean score of 2.62 & private sector has 3.67. The standard deviation being 4.8204 & 4.7790 respectively, which are significantly divergent. The coefficient of variation is 184.22% (public sector) & 130.34% (private sector). There is low positive correlation in consumer perception pattern.

- 18. Effective product presentation:** with regard to effective presentation of insurance products both are almost similar. This is evident from the mean score of public sector is 2.49 whereas private sector is 2.53. The standard deviation is 5.0506 & 4.7966 respectively, which is slightly divergent, further affirmed by coefficient of variation which is 202.7% (public sector) & 189.97% (private sector). There is high positive correlation in consumer perception pattern.
- 19. Consumer awareness programme:** There is significant difference exist in terms of customer awareness programme towards insurance products and their advantages. In this context the mean score is 1.58 (public) & 3.68 (private). The standard deviation is 4.5607 (private) & 7.3690 (public) indicating divergences, which has been confirmed by coefficient of variation at 467.88% (public sector) & 123.82% (private sector). There is moderate but negative correlation in consumer perception pattern.
- 20. Commitment & ethical behavior:** Most of the customers agreed that private sector insurance is better than public sector towards their commitment towards work on time as highlighted by mean score of 3.48 (private) & 2.78 (public). The standard deviation 4.7266 & 4.6133 respectively indicates slight divergence which is proved by coefficient of variance 136.02% (Private) & 166.25% (public) respectively. There is positive correlation exist in consumer perception pattern.
- 21. Special attention to customers need:** Private sector non-life customers are receiving better attention towards their individual requirements than public sector. The mean score is 2.68 (public) & 3.52 (private). The standard deviation being 4.6019 & 5.2962 respectively does not seem to be divergent. However the coefficient of variation is 172.03% (public sector) & 150.60% (private sector) which shows slight difference. There is low and positive correlation in consumer perception pattern.
- 22. Diversified product line:** There is significant difference exist in terms of customer awareness programme. In this context the mean score is 4.84 (public) & 3.64 (private). The standard deviation is 4.4108 (private) & 8.6611 (public) indicating high divergences, which has been confirmed by coefficient of variation at 178.95% (public sector) & 121.12% (private sector). There is negative correlation in consumer perception pattern.

IV. Findings And Suggestions:

The above parameter wise analysis indicates that both sectors of Non-life Insurance have different perceptions in customer's mind.

After Statistical analysis, it shows significant difference in Mean score between two types of Non-life Insurance specifically with respect to following parameters;

Infrastructure facility at branch; Technical advancement; Goodwill; Quick service; Consumer grievances; Safety of investment; Convenience; Consumer awareness programme; Diversified product line.

Further difference has been observed in the Standard Deviation and Co-efficient of Variation in the rating pattern between two types of Non-life Insurance particularly for the following parameters;

Infrastructure facility at branch; Technical advancement; Quick service; Consumer grievances; Availability of employees; Availability of officers; Polite and co-operative; Safety of investment; Consumer awareness programme; Commitment & ethical behavior..

The Public sector Non-life insurance is perceived to be better than Private sector Non-life Insurance with regards to the following parameters:

Better branch office location; Good reputation in market; Sound financial strength; Regular correspondence with agents by meetings; accurate presentation of product line.

However, the Private sector Non-life Insurance is perceived to be better than Public sector Non-life Insurance with regards to the following parameters:

Better physical layout for business purposes; Error free information; Quick service; Availability of employees on time; Settlement of claims on time; Individual attention to customers; Effective investment advice and guidance.

After calculation of r , testing of correlation using PE indicates that the co efficient of correlation is accepted (Annexure 1). Out of 22 parameters there was almost low positive correlation for 8 parameters, a moderately positive correlation for 6 parameters, very high positive correlation for 3 parameters and negative correlation for 5 parameters. This indicates that there is significant difference exist in the consumer perception on service quality of Public and Private sector Non-life Insurance

V. Conclusion:

From this study it can be concluded that both Non-life Insurances are appearing to provide attention towards changing customer expectation with ever changing LPG Climate.

Key areas of Strengths, observed in case of Public sector Non-life Insurance are;

Better branch office location; Good reputation in market; Sound financial strength; Regular correspondence with agents by meetings; Accurate presentation of product line.

The area of significant improvement possible, applies to the following areas:

Technical advancement of insurance; Employee's neat and clean appearances; Convenience in premium payment; Customer awareness programmes; Commitment and ethical behavior.

On the other hand key areas of Strengths, in case of Private sector Non-life Insurance are:

Better physical layout for business purposes; Error free information; Quick service; Availability of employees on time; Settlement of claims on time; Individual attention to customers; Effective investment advice and guidance.

The area where improvements are required with reference to;

Safety and security of investments; branch location; accurate information through media; diversified product line suitable to specific customers.

Besides Health insurance, there is a big market available in different fields for Non-life insurance companies. In the changed LPG climate, Government is also providing incentives to grow insurance sector by increasing FDI limit; thus immense opportunities are waiting for all Non-life insurance companies, whether it is Public sector or Private sector. The need is to identify and fulfill customer's expectation in this changed scenario and the present study helps in understanding customer's perception towards better and improved service quality, which will also bring high returns to Non-insurance companies.

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ANNEXURES:

ANNEXURE-1

Formula for Probable Error (PE) of Karl Pearson’s coefficient of correlation:

$$PE = 0.6745 \times \frac{(1-r^2)}{\sqrt{n}} \quad \text{where } r = \text{coefficient of correlation}$$

$$n = \text{number of items paired}$$

For testing of Karl Pearson’s correlation coefficient 6PE should not be greater than correlation coefficient.

NO.	PARAMETER	PE
TANGIBILITY		
1	Infrastructure facility at branch	0.0774
2	Physical Layout	0.0644
3	Technical Advancement	0.0843
4	Appearance of staff	0.0935
RELIABILITY		
5	Goodwill in the market	0.0666
6	Updated information on records	0.0083
7	Sound financial strength	0.004
8	Quick service	0.0824
RESPONSIVENESS		
9	Availability of employees	0.0943
10	Availability of top officials	0.0724
11	Polite and Co-operative	0.095
12	Quick settlement of claims	0.0645
13	Consumer Grievances	0.0952
ASSURANCE		
14	Safety of investment	0.0747
15	Consumer Guidance	0.0939
16	Correspondence with agent	0.049
17	Convenience	0.0919
18	Effective product presentation	0.0066
EMPATHY		
19	Consumer Awareness Program	0.0811
20	Commitment & Ethical behavior	0.0893
21	Special attention to customer	0.0934
22	Diversified Product line	0.0874

ANNEXURE-2

Testing of hypothesis by conducting Z test as per following formula:

$$Z = \frac{CV_1 - CV_2}{\sqrt{(CV_1^2/2n_1) + (CV_2^2/2n_2)}}$$

Where, CV is coefficient of variation for public and private sector banks respectively.
 n₁ and n₂ are respective sample sizes.

At 5% level of significance in 2 tailed tests the table value is ±1.96. The value of z for each parameter has been calculated in table 3.

*significant difference (above ± 1.96) has been observed in case of following parameters.

NO.	PARAMETERS	Z value
1	Infrastructure facility at branch	-5.777*
2	Physical Layout	2.405*
3	Technical Advancement	5.087*
4	Appearance of staff	2.609*
5	Availability of employees	3.213*
6	Availability of top officials	2.333*
7	Polite and Co-operative	3.903*
8	Consumer Grievances	3.161*
9	Safety of investment	-4.311*
10	Consumer Guidance	2.737*
11	Convenience	2.616*
12	Consumer Awareness Program	7.787*
13	Diversified Product line	2.932*

In all other cases there is no significant difference between two types of insurance because it does not exceed z value of ± 1.96 at 5% level of significance.

QUESTIONNAIRE:

Put () mark according to following 5 point likert rating scale:

1: STRONGLY DISAGREE; 2: DISAGREE; 3: UNDECIDED; 4: AGREE; 5: STRONGLY AGREE

Sr.No	Statements	1	2	3	4	5
TANGIBILITY						
1.	Location of branch office is convenient & easy to visit.					
2.	Physical layout is designed to give more space to the customers in conducting business.					
3.	Branch provides proper drinking & sanitary facility.					
4.	Adequate modern technical advancement for premium.					
5.	Employees & agents neat in appearance.					
RELIABILITY						
6.	Good reputation in the market.					
7.	Accurate & error free information on records.					
8.	Sound financial strength.					
9.	Providing prompt service to customers. (Strong network of medical and health care centers)					
10.	Easy and correct information about products through media besides agents.					
RESPONSIVENESS						
11.	Availability of employees and agents in case of need					
12.	Availability of top officials in case of need					
13.	Staff of branch is polite and co-operative.					
14.	Settlement of customers claim without delay.					
15.	Effective customer grievance redressal procedure.					
ASSURANCE						
16.	Customer's safety and security for transaction.					
17.	Agents' ability to give truthful advice on tax benefits.					
18.	Adequate number of regular meetings with agents.					
19.	Convenience in payment of premium on due date.					
20.	Accurate presentation of products by employees and agents.					
EMPATHY						
21.	Agents and employees understand specific need of customers.					
22.	Organizing customer awareness programmes.					
23.	Commitment & promote ethical behavior.					
24.	Individual attention by keeping customers best interest in mind.					
25.	Diversified products & policies that best suits to specific customers.					