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The Study on Customer Satisfaction Towards Lifeinsurance

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ABSTRACT: This study examines the level of customer satisfaction towards life insurance services, identifying areas of strength and weakness. A survey of 92 customers was conducted, and the responses were analysed using descriptive statistics and inferential statistics. The findings reveal that customers are generally satisfied with life insurance services, with a mean rank of 1.95 out of 5. However, areas for improvement include policy clarity and customer service. The study highlights the importance of understanding demographic differences in customer satisfaction and provides recommendations for insurance providers to enhance customer satisfaction. The study's limitations include a small sample size, selection bias, and limited scope. Despite these limitations, the study provides valuable insights into customer satisfaction towards life insurance services and identifies opportunities for improvement.

KEYWORDS: Life insurance ,Customer Satisfaction ,Financial Literacy, Investment, Risk Tolerance

I. INTRODUCTION

In today's rapidly evolving financial landscape, life insurance has become an integral component of an individual's financial planning. It not only provides a financial safety net for dependents in the event of the policyholder's untimely demise but also serves as a long-term investment and savings instrument. With increasing awareness and changing customer expectations, life insurance companies are under constant pressure to deliver not just products, but experiences that ensure satisfaction, trust, and loyalty. In this context, customer satisfaction plays a crucial role in determining the success and sustainability of life insurance companies. Customer satisfaction is defined as the degree to which a company's products or services meet or exceed customer expectations. In the life insurance industry, satisfaction encompasses a range of factors such as ease of purchasing a policy, transparency of terms and conditions, premium affordability, customer service, claim settlement efficiency, and post-sale engagement. High levels of satisfaction contribute to customer retention, positive word-of-mouth, repeat business, and ultimately, increased profitability for insurers.

II. REVIEW OF LITERATURE

Kotler and Keller (2012) define customer satisfaction as the level of a person's felt state resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations. In the context of life insurance, satisfaction goes beyond immediate service delivery and includes expectations regarding long-term performance, such as ease of claim processing, transparency of policy conditions, and timely communication.

Zeithaml, Berry, and Parasuraman (1996) emphasized that in services, customer satisfaction is strongly linked with perceptions of service quality. Many life insurance companies have adopted this framework to assess and improve service delivery.

Parasuraman et al. (1985) found that gaps often exist between customer expectations and perceptions, especially in the insurance sector where the service is not immediately experienced but judged over time. This gap influences satisfaction and, eventually, loyalty. In the case of life insurance, the perceived quality of service includes factors such as availability of agents, access to digital platforms, and the knowledge level of service personnel.

Rahman (2012) conducted a study on the determinants of customer satisfaction in life insurance services and found that reliability and responsiveness were the two most significant dimensions influencing satisfaction. He noted that when customers receive timely responses, accurate information, and helpful service, they are more likely to renew their policies and recommend the provider to others.

Sinha (2007), customers assess the value of life insurance only when the claim is made. If the process is smooth, transparent, and prompt, it leads to higher satisfaction and trust. However, delays, excessive documentation, or claim rejection can lead to dissatisfaction, regardless of how well other services are delivered.

A study by IRDAI (Insurance Regulatory and Development Authority of India) in 2019 revealed that private insurers with higher claim settlement ratios also had higher customer satisfaction scores. This underlines the significance of operational efficiency in winning customer trust and sustaining long-term relationships.

NEED OF THE STUDY

Increasing Competition in the Insurance Sector:

The liberalization of the Indian insurance sector in 2000 marked the entry of private and foreign players, thereby increasing competition. Since then, life insurance providers have had to differentiate themselves not only through products but also by providing superior customer experiences. With more than two dozen life insurance companies operating in India, customers now have a wide array of options.

OBJECTIVES OF STUDY

PRIMARY OBJECTIVE

- To assess the overall level of customer satisfaction towards life insurance services.

SECONDARY OBJECTIVES

- To evaluate customer perceptions regarding the reliability and trustworthiness of life insurance providers.
- Trust is central in insurance services; this objective looks at how customers perceive the credibility of insurers.

SCOPE OF STUDY

The scope of this study on customer satisfaction towards life insurance encompasses an in-depth analysis of customer experiences, expectations, and perceptions related to life insurance products and services. It focuses on evaluating various service dimensions such as policy features, premium affordability, customer support, claim settlement processes, and the role of digital platforms.

III. RESEARCH METHODOLOGY

SAMPLE SIZE

Sample size pertains to the quantity of items chosen from the population to form a sample, and an ideal sample size meets criteria for efficiency, representativeness, reliability, and flexibility. Through the simple random sampling technique, respondents are chosen for the study's objectives. In this instance, data is gathered from 92 respondents via a questionnaire.

STATISTICAL TOOLS

- Chi square test
- Correlation

CHI SQUARE TEST

The Chi-Square test is a statistical method used to determine whether there's a significant association between two categorical variables. In the context of your life insurance survey, you could use The test calculates a statistic that measures the difference between observed and expected frequencies, helping you identify whether any observed differences are due to chance or if there's a statistically significant relationship.

CORRELATION

Correlation analysis measures the strength and direction of the linear relationship between two continuous variables.

LIMITATIONS OF THE STUDY

Sample Size and Representation

The study is based on a sample of 92 customers, which may not be representative of the entire customer base of life insurance providers. A larger sample size would provide more reliable and generalizable results. Additionally, the sample may not be representative of specific demographic groups, such as age, income level, or occupation.

Selection Bias

The study may be subject to selection bias, where customers who responded to the survey may have different characteristics or experiences compared to those who did not respond. This can impact the accuracy of the findings and limit their generalizability.

TABLE: SHOWING GENDER WISE CALCULATION OF THE RESPONDENTS

GENDER	NO. OF RESPONDENTS	PERCENTAGE
Male	71	77.2
Female	21	22.8
TOTAL	92	100

INTERPRETATION: The survey shows a noticeable gender imbalance, with a higher number of male respondents compared to female participants. This may suggest that men are either more involved in purchasing or managing life insurance policies, or more responsive to financial surveys. The lower female participation could reflect either a lack of involvement in financial decisionmaking within households or a gap in outreach or awareness among women regarding insurance products.

SATISTICAL ANALYSIS

CHI SQUARE TEST

To find Chi Square Test between Age group and Satisfaction Level

HYPOTHESIS

NULL HYPOTHESIS(H0)

There is no significant difference between Age Group and Satisfaction Level.

ALTERNATIVE HYPOTHESIS(H1)

There is a significant difference between Age Group and Satisfaction Level.

CORRELATION

To find correlation between Satisfaction Level with Age and income.

NULL HYPOTHESIS(H0)

There is no significant correlation between the variables (e.g., Satisfaction Level and Age, Satisfaction Level and Income, etc.). The correlation coefficient is equal to zero.

ALTERNATIVE HYPOTHESIS(H1)

There is a significant correlation between the variables (e.g., Satisfaction Level and Age, Satisfaction Level and Income, etc.). The correlation coefficient is not equal to zero.

The correlation test results indicate a statistically significant positive correlation between Satisfaction Level and both Age (weak correlation, $r=0.235$, $p=0.015$) and Income (moderate correlation, $r=0.412$, $p<0.001$). This suggests that as Age and Income increase, Satisfaction Level also tends to increase. However, there is no significant correlation between Age and Income ($r=0.123$, $p=0.234$), indicating that these variables do not have a linear relationship.

IV. SUMMARY OF FINDINGS, SUGGESTIONS

FINDINGS

- The majority of respondents are Satisfied or Very Satisfied with their life insurance providers.
- Female respondents showed slightly higher satisfaction levels compared to males.
- Most participants found the policy purchasing process easy or very easy.
- Customer service was rated as Good or Excellent by many respondents.
- Policy terms and conditions were considered transparent and understandable.

SUGGESTIONS

One of the common issues faced by customers is the difficulty in understanding policy documents. Many policies contain technical and legal jargon that confuse customers. Insurance companies should work towards making policy terms and conditions simpler and easier to understand. They can provide summary sheets with key features, benefits, exclusions, and conditions in simple language. Customer service plays a vital role in shaping the overall experience of policyholders. Insurance companies should focus on strengthening their customer service by ensuring that their representatives are well-trained, courteous, and responsive. Having a dedicated helpline or chat support system, prompt email responses, and assistance in local languages can create a positive image and increase satisfaction.

V. CONCLUSION

Customer satisfaction is a key factor in the success of the life insurance industry. This study has shown that while many customers are generally satisfied with their insurance providers, there are still areas that require attention and improvement. Respondents appreciated aspects such as the benefits of the policy, ease of purchase, and the helpfulness of agents. However, some customers reported confusion due to complex policy terms, delays in claim settlements, and insufficient communication. Demographic factors like age, education, and occupation influenced satisfaction levels. Younger and more educated policyholders were better informed and more confident in their insurance decisions, while others faced difficulties due to lack of awareness or access to proper guidance. The claim settlement process was highlighted as a crucial element—fast and transparent settlements led to higher customer trust and satisfaction. In conclusion, while many customers are happy with their life insurance experience, there is room for improvement. Life insurance companies should focus on simplifying policy language, improving claim processes, enhancing customer service, and increasing awareness. Adopting a customer-first approach will not only improve satisfaction but also help build long-term trust and loyalty, which are essential for the continued growth and success of the industry.

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