

A STUDY ON FACTORS INFLUENCING CUSTOMER SATISFACTION IN INSURANCE SECTOR: AN EMPIRICAL STUDY WITH SPECIAL REFERENCE TO SPSR NELLORE DISTRICT OF ANDHRA PRADESH

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Abstract: The present study entitled to “A Study on Factors Influencing customer satisfaction in Insurance sector” is endeavor factors which influence customer satisfaction in insurance sector. There are many companies are there in insurance sector. But, people will respond to few services only. The reason can be anything. Here research wan to find out what are the factors which impact on customer satisfaction in insurance sector. The study is restricted to only SPSR Nellore District of Andhra Pradesh. The statistical tool applied is factor analysis. The sampling method is convenient sampling. The basic intension behind the research work is service sector plays a prominent role in the competitive world. Among, this insurance sector plays a very crucial role, regarding this researcher is trying to find out what are the various factors which impact on customer satisfaction in insurance sector.

Key Words: Customer satisfaction in Insurance sector, Insurance sector, Customer attitude, customer opinion

Introduction: Insurance is, thus, a financial tool specially created to reduce the financial impact of unforeseen events and to create financial security. Indeed, everyone who wants to protect himself against financial hardship should consider insurance. Traditionally, “the joint family” has been an informal social security in India. In modern society, social security is available only to those who are employed in the organised sector. Insurance is considered one of the tools of social security for formal and informal sectors and is largely carried out in two ways. i. The first way is known as Social Insurance. Here, the State or government takes care of those who are subjected to losses due to some risk event. Examples are, providing a pension when one grows old or providing free medical treatment, meeting the cost of hospitalization etc. The fund for this purpose comes from a pool made up from taxes or mandatory social security contributions required to be made by all those who work and earn an income.

Scope of the Study: The scope of the study is restricted to only SPSR Nellore District of Andhra Pradesh only. Scope in terms of objectives restricted to know the factors which impact on customer satisfaction in Insurance Industry only. The scope of the research work is restricted to Insurance companies in SPSR Nellore District of Andhra Pradesh

Need for the Study: There is a much need to estimate the customer satisfaction in insurance industry. Days are passing the need for insurance is ever increasing. There are many insurance companies are coming in to the market. The customers are in confusion position regarding which service that they need to avail, regarding this there is a much need to conduct a research work in Insurance sector in SPSR Nellore District of Andhra Pradesh.

Objectives of the Study: To Know the opinion of Customers regarding insurance services provided by the company.

1. To Know the factors which impact on customer satisfaction regarding insurance services.
2. To Suggest the best factors to improve the customer satisfaction level in insurance industry.

Review of Literature: Shejwalker(1989) in his article “Training in Life Insurance Marketing” discussed the importance of trained agents' force to develop the life insurance business. He stressed that present selection pattern of the agent should be changed. He expressed his opinion that private or independent institute should be invited to impart training to the agents.[1]

Shesha Ayyer.V.(1999) in his article entitled, “New Insurance products in the next century”, forecasted the importance of insurance cover at old age. He forecasted that because of the advancement of medical facilities and the possibility of aged living, pension scheme would become popular though at a slow pace.[2]

Vijayavani.J.(1999) in her prize winning technical paper entitled “ Cost effective distribution channels of life insurance products” suggested that to tap policy holders, insurance tie-ups with banks, mutual funds and benefit consultants and brokerage and benefit consultants, company and fund managers can be introduced.[3]

Holsboer Jan H (1999) investigated the link between insurance sector development and economic growth in context with the recent changes in the external environment for insurance companies in Europe. [4]

Prof. Mike Adams (1999) and others examined the dynamic historical relation between banking, insurance and economic growth in Sweden using time series data from 1830 to 1998.They examined long-run historical trends in the data using

econometric tests for co integration. The results arrived indicate that the development of domestic banking, but not insurance, preceded economic growth in Sweden during the nineteenth century. They also found that the development of bank lending in the nineteenth century increased the demand for insurance as well as promoting economic growth. In contrast, the insurance market appears to be driven more by the pace of growth in the economy rather than leading economic development.[5]

Research Methodology and Design

Area of Study The survey was conducted in Nellore city in Andhra Pradesh state. Nellore is upcoming smart city in Andhra Pradesh. Nellore is a right area for conducting research.

Sources of Data The study has used both the primary data and secondary data. Field survey method was employed to collect primary data from respondents in three areas 110 from Nellore (DT). Framed questionnaire is used for data collection. Secondary data were collected through various journals, magazines, reports and newspapers.

Sampling Design For the purpose of the study 110 respondents have been chosen in Nellore city by using stratified random sampling technique. The questionnaire was prepared and administered in person to all the respondents. The information collected have been edited for reliability and consistency and presented in a master table for analysis.

Tools for Analysis In this study the raw data collected are classified, edited and tabulated for analysis. The following were the some of the tools used. The sampling Tool is Factor Analysis.

Data Analysis and Interpretation:

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	of	.574
Bartlett's Test of Sphericity	Approx. Chi-Square	230.602
	df	66
	Sig.	.000

Kaiser - Meyer - Olkin measure of sampling adequacy index is 0.574 which indicates that factor analysis is suitable for the given study. In fact, KMO Measures of Sampling Adequacy is tells that the appropriateness of factor analysis. High values between 0.5 and 1.0 indicate factor analysis is appropriate. Values below 0.5 imply that factor analysis may not be appropriate. Bartlett's Test of Sphericity is used to examine the hypothesis that the variables are uncorrelated. It is based on Chi-Square transformation of the determinant of correlation matrix. A large value of the test statistic will favor the rejection of the null hypothesis. In turn this would indicate that factor analysis is appropriate. Bartlett's

test of Sphericity Chi-square statistics is 230.602 which would mean that the 12 statements are correlated and hence as concluded in KMO, factor analysis is appropriate for the given data set.

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.407	28.392	28.392	2.450	20.413	20.413
2	1.729	14.409	42.801	1.718	14.319	34.732
3	1.419	11.822	54.623	1.691	14.090	48.822
4	1.228	10.236	64.859	1.648	13.733	62.555
5	1.134	9.453	74.312	1.411	11.758	74.312
6	.731	6.088	80.400			
7	.638	5.321	85.721			
8	.574	4.780	90.501			
9	.449	3.738	94.239			
10	.405	3.371	97.609			
11	.248	2.070	99.679			
12	.038	.321	100.000			

Eigen Value represents the total variance explained by each factor. Percentage of the total variance attributed to each factor. One of the popular methods used in Exploratory Factor Analysis is Principal Component Analysis, Where the total variance in the data is considered to determine the minimum number of factors that will account for maximum variance of data.

Rotated Component Matrix^a

	Component				
	1	2	3	4	5
V1	.907	-.069	.126	.250	.012
V2	.905	.076	.201	.229	-.035
V3	.774	.401	-.188	-.098	-.068
V4	.038	.814	-.022	.085	.107
V5	.111	.785	.207	.113	-.127
V6	.063	-.012	.788	.007	.019
V7	.040	.219	.758	.101	.114
V8	.214	.079	-.132	.838	.101
V9	.085	.161	.248	.829	-.100
V10	.058	-.045	.302	-.036	.833
V11	.320	-.031	.400	.011	.679
V12	.172	.430	.174	.320	.435

1. Service efficiency
2. Reliable Information
3. Good Record keeping
4. Good efficiency
5. Good Relationship with customers
6. Efficiency in Repayment
7. No Fraudulent activities
8. Responsiveness

9. Feel Responsibility
10. Benefits as per norms
11. Following government rules and regulations
12. The overall customer satisfaction

Interpretation of factors is facilitated by identifying the statements that have large loadings in the same factor. The factors can be interpreted in terms customer satisfaction banking industry. Out of 12 statements, 5 statements contribute more towards customer satisfaction in insurance industry. The statements are (1) service efficiency (2) reliable information (3) good record keeping (4) good efficiency (5) No fraudulent activities. The 5 statements accounted for 74% percent of the variance in the original 12 statements. The remaining 7 statements contribute minimum towards customer satisfaction in insurance industry which is 26% only.

Findings:

1. Most of the customers are satisfied regarding services provided by the insurance companies in SPSR Nellore District of Andhra Pradesh.
2. Companies are giving benefits as per government rules and regulations.

3. Companies are most responsible towards customers in SPSR Nellore District of Andhra Pradesh.
4. Most of the customers are satisfied regarding services provided by the companies.

Suggestions:

1. Companies should be more careful while solving individual problems of the customers.
2. Companies should render/should give exact information to the customers in the market.
3. Companies should explain exact things to the customers.

Conclusion: It is evident from the study that most of the customers are satisfied insurance services provided by the companies in SPSR Nellore District of Andhra Pradesh. The companies should be able to understand what the exact requirements of the customers in the region as per socio-economic conditions of the people.

Scope for Future Research: The scope of the future research can be customer satisfaction in individual company wise can be done in the study area. Even the research can be done on the basis of comparative study between the different companies in SPSR Nellore District of Andhra Pradesh.

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