

# [The insurance sector in india business essay](https://assignbuster.com/the-insurance-sector-in-india-business-essay/)

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## Abstract

Since two decades, the insurance sector in India has grown as a booming market. Indian Life Insurance industry has emerged as one of the largest life insurance markets in the globe after liberalizing the economy. The liberalizing policy opened the doors for the new entrants into the life insurance sector, as a result numerous service firms of life insurance have been offering a wide variety of insurance services irrespective of age, gender and class of economy of the public. Among the numerous life insurance companies, Bajaj Allianz Life Insurance Company, a joint venture between Bajaj Auto Limited and Allianz AG of Germany, has become one of the key competitors for the traditional life insurance company i. e., LIC of India. The service quality is imperative to achieve competitive advantage in insurance sector. Poor quality places a life insurance firm at a competitive disadvantage. The present study was investigating the Service Quality of Bajaj Allianz Life Insurance among the states of Andhra Pradesh, Karnataka, Tamil Nadu and Kerala in South India. In this research, an attempt was made on finding the service gap on the basis of six service dimensions viz., assurance, personalized financial planning, competence, tangibles, corporate image and technology using SERVQUAL instrument and all the calculations made with SPSS 19. 00.

## Key Words

Life Insurance, Service Quality (SERVQUAL), Gap Analysis.

## Introduction

The insurance sector in India has grown at a fast rate post-liberalization in 1999. In the last decade, total premium grew at a CAGR of 25% and reached a total of $67 billion in 2010. Indian Life insurance industry (which contributes 88% of total Life and General insurance premium in India) has emerged as the 9th largest life insurance market in the world. Yet, Insurance penetration (measured as ratio of premium underwritten to GDP) was only at 5. 2 % in 2010 – significantly lower than Asian peers like South Korea, Taiwan, Japan and Hong Kong which boast an insurance density greater than 10% (IRDA Annual Report, 2010). Services are economic activities offered by one party to another. Often time-based, performances bring about desired results to recipients, objects, or other assets for which purchasers have responsibility. In exchange for money, time, and effort, service customers expect value from access to goods, labor, professional skills, facilities, networks, and systems; but they do not normally take ownership of any of the physical elements involved (Lovelock & Wirtz, 2011). Service quality is an important means of differentiation and path to achieve business success in insurance sector. Such differentiation on the basis of service quality can be a key source for gaining competitive advantage for insurance companies.

## Reliability Analysis

Table : Reliability Analysis

## Dimension

## Cronbach's Alpha

## Number of Items

## Perception

Assurance0. 7045Personalized Financial Planning0. 7584Competence0. 7285Tangibles0. 8494Corporate Image0. 8015Technology0. 8393

## Total

## 0. 897

## 26

## Expectation

Assurance0. 7875Personalized Financial Planning0. 7974Competence0. 7645Tangibles0. 8784Corporate Image0. 9275Technology0. 7023

## Total

## 0. 925

## 26

## Means values of various Dimensions of SERVQUAL

Table : Means values of various Dimensions of SERVQUALS. No. DimensionsPerceptionExpectationASSURANCE1Trained and well-informed agents3. 233. 092Approaching from customer's point of view3. 463. 193Trusting agents when explaining policies3. 403. 054Clarity in explaining policy's terms and conditions3. 193. 135Understanding intimately specific needs3. 583. 41PERSONALIZED FINANCIAL PLANNING6Provision of Flexible payment schedule3. 513. 407Availability of flexible product solution3. 503. 308Provision for Convertibility of products3. 413. 259Supplementary services3. 393. 53COMPETENCE10Staff dependable in handling customer's problem3. 213. 3711Efficient staff3. 253. 4612Easy access to information3. 143. 4513Prompt & Efficient Grievance handling mechanism3. 403. 4914Prompt and hassle free claims settlement3. 463. 06TANGIBLES15Adequate number of branches3. 652. 8816Accessible location of the branch3. 672. 7417Good ambience of the branch3. 552. 7918Possessing good certification and credentials3. 532. 95CORPORATE IMAGE19Innovativeness in introducing new products3. 472. 8820Courteous Agents3. 563. 0521Value for money3. 592. 7922Simple and less time consuming procedure for purchasing a policy3. 762. 8423Financially stable company3. 272. 96TECHNOLOGY24Easy online transaction3. 162. 9025Prompt complaint handling online3. 352. 9426Proactive information through e-mail or SMS3. 343. 14Note: Calculated with SPSS 19. 0.

## S. No.

## Dimensions

## Perception

## Expectation

## Gap Score

1Assurance3. 37303. 17600. 1972Personalized Financial Planning3. 45413. 36890. 0853Competence3. 29213. 3655-0. 0734Tangibles3. 60112. 84080. 7605Corporate image3. 52962. 90560. 6246Technology3. 28712. 99630. 291Total

## 1. 884

Average of Un-weighted SERVQUAL Score (Total/6)

## 0. 314

Table : Un-weighted SERVQUAL ScoreTable : Weightages to various Dimensions of SEVQUAL1Assurance -Trained and well-informed, Approaching from customers, Trusting agents, Clarity in explanation, Understanding needs. 242Personalized Financial Planning - Provision of flexible payment, Flexible product, Convertibility of products, Supplementary services. 203Corporate Image - Innovativeness, Courteous Agents, value for money, Simple and less time, Stable Company. 184Technology - Easy online transaction, Prompt complaint handling, Proactive information through e-mail. 165Competence - Handling customer’s problems, Efficient staff, Easy access, Grievance handling mechanism, Free claims settlement. 126Tangibles - Adequate No. of branches, Accessible location, Good ambience, Good certification and credentials. 10

## Total

100Table : Weighted SEVQUAL ScoresS. No. SERVQUAL DimensionGap ScoreWeightsWeighted Score1Assurance0. 1970. 240. 04732Personalized Financial Planning0. 0850. 200. 01703Competence-0. 0730. 18-0. 01314Tangibles0. 7600. 160. 12165Corporate image0. 6240. 120. 07496Technology0. 2910. 100. 0291

## Total

## 0. 2767

## Average SERVQUAL Weighted Score (Total/6)

## 0. 0461