

# The insurance sector in india business essay

[Business](#)



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BUSTER**

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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**

Assurance0.7045 Personalized Financial Planning0.7584 Competence0.

7285 Tangibles0.8494 Corporate Image0.8015 Technology0.8393

**Total****0.897****26****Expectation**

Assurance0.7875 Personalized Financial Planning0.7974 Competence0.

7645 Tangibles0.8784 Corporate Image0.9275 Technology0.7023

**Total****0.925****26****Means values of various Dimensions of SERVQUAL**

Table : Means values of various Dimensions of SERVQUALS. No.

Dimensions Perception Expectation ASSURANCE1 Trained and well-informed agents3.233.092 Approaching from customer's point of view3.463.

193 Trusting agents when explaining policies3.403.054 Clarity in explaining policy's terms and conditions3.193.135 Understanding intimately specific

needs3.583.41 PERSONALIZED FINANCIAL PLANNING6 Provision of Flexible payment schedule3.513.407 Availability of flexible product solution3.503.

308 Provision for Convertibility of products 3. 413. 259 Supplementary services 3. 393. 53 COMPETENCE 10 Staff dependable in handling customer's problem 3. 213. 37 11 Efficient staff 3. 253. 46 12 Easy access to information 3. 143. 45 13 Prompt & Efficient Grievance handling mechanism 3. 403. 49 14 Prompt and hassle free claims settlement 3. 463. 49 16 TANGIBLES 15 Adequate number of branches 3. 652. 88 16 Accessible location of the branch 3. 672. 74 17 Good ambience of the branch 3. 552. 79 18 Possessing good certification and credentials 3. 532. 95 CORPORATE IMAGE 19 Innovativeness in introducing new products 3. 472. 88 20 Courteous Agents 3. 563. 05 21 Value for money 3. 592. 79 22 Simple and less time consuming procedure for purchasing a policy 3. 762. 84 23 Financially stable company 3. 272. 96 TECHNOLOGY 24 Easy online transaction 3. 162. 90 25 Prompt complaint handling online 3. 352. 94 26 Proactive information through e-mail or SMS 3. 343. 14 Note: Calculated with SPSS 19. 0.

## **S. No.**

## **Dimensions**

## **Perception**

## **Expectation**

## **Gap Score**

1 Assurance 3. 373 03. 176 00. 197 2 Personalized Financial Planning 3. 454 13. 368 90. 085 3 Competence 3. 292 13. 365 5-0. 073 4 Tangibles 3. 601 12. 840 80. 760 5 Corporate image 3. 529 62. 905 60. 624 6 Technology 3. 287 12. 996 30. 291 Total

**1. 884**

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

**0. 314**

Table : Un-weighted SERVQUAL Score Table : Weightages to various Dimensions of SEVQUAL

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

**Total**

100 Table : Weighted SEVQUAL Scores

S. No.	SERVQUAL Dimension	Gap Score	Weights	Weighted Score
1	Assurance	0.1970	240	0.4732
2	Personalized Financial Planning	0.0850	200	0.1703
3	Competence	0.0730	180	0.1314
4	Tangibles	0.7600	160	1.2165
5	Corporate image	0.6240	120	0.7496
6	Technology	0.2910	100	0.2910

**Total**

**0. 2767**

**Average SERVQUAL Weighted Score (Total/6)**

**0. 0461**