Customers' Perception towards Service Quality of Life Insurance Corporation of India: A Factor Analytic Approach

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Abstract

The service quality has become a highly instrumental co-efficient in the aggressive competitive marketing. For success and survival in today's competitive environment, delivering quality service is of paramount importance for any economic enterprise. Life Insurance Corporation of India, the leading insurance company has set up 'benchmarks' in enervating the whole concept of service quality. The present study aims to measure customers' perception towards life insurance service quality by applying a framework developed by Sureshchandar et al. (2001). An advocated procedure has been used to develop, refine and validate a scale. Data has been collected from 337 customers from the three cities of Punjab (a progressive State of India). The findings of the study demonstrate that five-factor structure as proposed by Sureshchandar et al. (2001) has been refined to seven-factor construct (consisting of 34 items) representing Proficiency; Media and presentations; Physical and ethical excellence; Service delivery process and purpose; Security and dynamic operations; Credibility; and Functionality. Besides, the study also investigates the relationship between each of the generated service quality dimensions and customers overall evaluation of life insurance service quality. It reveals that among these seven factors, three viz., Proficiency; Physical and ethical excellence; and Functionality have significant impact on the overall service quality of Life Insurance Corporation of India. Managerial implications and directions for further research have also been discussed.

Keywords: Service quality, Life insurance, Perception, Critical factors, Performance-Only-scale

1. Introduction

The liberalization of Indian economy ushered in an era of competitive marketing leading to the radical changes in the entire gamut of products and services. The service sector, hitherto limited in nature and scope, changed into an aggressive mode appropriating the front stage touching almost every sphere of human activity, viz., banking, insurance, information technology, welfare etc. and accounted for approximately two-thirds of worldwide GNP right from the beginning of the twenty first century (Kara *et al.*, 2005). Delivering quality service is considered an essential strategy for success and survival in today's competitive environment (Dawkins and Reichheld, 1990; Parasuraman *et al.*, 1985; Reichheld and Sasser 1990; Zeithaml *et al.*, 1990). In the literature, the construct of quality is conceptualized based on perceived service quality (Hishamuddin *et al.*, 2008). Perceived service quality is defined as 'global judgment, or attitude, relating to the superiority of the service' (Parasuraman *et al.*, 1988).

In the huge service sector, insurance sector is one of the most important entities which has been growing relatively fast in India. At present there are twenty three players in the Indian life insurance industry out of which Life Insurance Corporation is one of the leading public companies, holds largest number of policies in the world to suit different financial requirement of an individual. With a greater choice and an increasing awareness, there is a continuous increase in the customers' expectations and they demand better quality service. Therefore, to sustain in the market, service quality becomes a most critical component of competitiveness for Life Insurance Corporation of India.

Although, by providing quality services to its customers, the Corporation can differentiate itself from other service firms and will able to improve its profitability. The purpose of the present study is to measure customers' perception towards service quality of Life Insurance Corporation of India by applying a framework developed by Sureshchandar *et al.* (2001). Moreover, the study also identifies the relationship between each of generated service quality dimensions and customers' overall evaluation of service quality in India.

2. Service Quality Conceptualization and Measurement

In spite of the growing importance of service quality (Qualls and Rosa, 1995), it remains an abstract and elusive construct that is difficult to define and measure (Brown and Swartz, 1989; Carman, 1990; Crosby, 1979; Gravin, 1983; Parasuraman *et al.*, 1985, 1988; Rathmell, 1966). In the empirical literature, there are many alternative service quality models and instruments developed for measuring service quality. Sasser *et al.* (1978) suggested three different attributes (levels of material, facilities, and personnel) all apparently dealing with the process of service delivery. Gronroos (1984) argued that service quality can be divided into two generic dimensions: technical quality (what is provided) and functional quality (how the service is provided), with image quality (the organization's reputation for quality) mediating the impact of these two dimensions on overall perceived quality. Subsequently, Gronroos (1990) identified six specific dimensions viz., professionalism and skills, reliability and trustworthiness, attitudes and behavior, accessibility and flexibility, recovery, and reputation and credibility, on which service quality could be measured. However, these dimensions have not been subject to any rigorous empirical testing, although a number of studies have used scales based on such principles (e.g., Lehtinen and Lehtinen, 1991). Lehtinen and Lehtinen (1982) discussed three dimensions viz., physical quality, involving physical aspects; corporate quality, involving a service firm's image and reputation; and interactive quality, involving interactions between service personnel and customers.

In the mid-1980s, one of the most systematic research programmes in service quality was conducted by Parasuraman *et al.* (1985). They revealed ten dimensions viz., tangibles, reliability, responsiveness, competence, courtesy, credibility, security, communication, understanding, and access in the original model of service quality. But in the subsequent study of Parasuraman *et al.* (1988), these ten dimensions were condensed into five viz., tangibles, reliability, responsiveness, assurance, and empathy. This led to the development of a 22-item SERVQUAL scale for measuring service quality. According to the SERVQUAL scale, service quality can be measured by identifying the gaps between customers' expectations of the service to be rendered and their perceptions of the actual performance of the service.

It is the most frequently used model to measure service quality (Mattson, 1994) and made to be used by services organizations or industries to improve service quality (Parasuraman *et al.*, 1988). Obviously, the SERVQUAL instrument has been used to measure service quality in various service industries which included health sector (Babakus and Boller, 1992; Carman, 1990; McAlexander *et al.*, 1994; Brown and Swartz, 1989; Bowers *et al.*, 1994; Babakus and Mangold, 1989; Headley and Miller, 1993; Lam, 1997; Kilbourne *et al.*, 2004; Walbridge and Delene, 1993); retailing (Teas, 1993; Finn and Lamb, 1991; Naik *et al.*, 2010); banking (Lam, 2002; Zhou *et al.*, 2002); hospitality (Mey *et al.*, 2006; Spreng and Singh, 1993); sports (Kouthouris and Alexandris, 2005); telecommunications (Van Der Wal *et al.*, 2000); discount and departmental stores (Finn and Lamb, 1991); and information system (Van Dyke *et al.*, 1997; Jiang *et al.*, 2002; Carr, 2002). In addition, there have been several contextual studies (Stafford *et al.*, 1998; Leste and Vittorio, 1997; Westbrook and Peterson, 1998; Mehta *et al.*, 2002; Evangelos *et al.*, 2004; Goswami, 2007; Gayathri *et al.*, 2005; Siddiqui *et al.*, 2010) regarding the insurance industry.

Even though this instrument has been used in various studies, SERVQUAL model has faced much criticism from other scholars for its use of gap scores, measurement of expectations, positively and negatively worded items, the generalizability & validity of its five generic service quality dimensions, the predictive power of the instrument, and its reliability (Cronin and Taylor, 1992, 1994; Brown *et al.*, 1993; Oliver, 1993; Babakus and Boller, 1992; Bolton and Drew, 1991; Brown and Swartz, 1989; Buttle, 1996; Carman, 1990; Teas, 1993, 1994; Jain and Gupta, 2004; Finn and Lamb, 1991). Numerous researchers have confirmed the applicability of five-dimension model in different sectors in different countries (e.g. Gabbie and Neill, 1996; Mehta and Durvasula, 1998; Lam and Zhang, 1999); however in some studies the five-dimension model was not confirmed (e.g. Carman, 1990; Babakus and Boller, 1992; Brown *et al.*, 1993; Ryan and Cliff, 1996; Zhao *et al.*, 2002; Wang *et al.*, 2004; Jain and Gupta, 2004; Evangelos *et al.*, 2004).

In the various other significant studies, the SERVQUAL scale has been presented in different dimensions – single-dimensional (Babakus *et al.,* 1993; Lam, 1997), two-dimensional (Babakus and Boller, 1992; Nadiri and Hussain, 2005; Karatepe and Avci, 2002; Ekinci *et al.,* 2003; Evangelos *et al.,* 2004), three-dimensional (Bouman and Van Der Wiele, 1992; Mei *et al.,* 1999), four-dimensional (Gagliano and Hathcote, 1994; Kilbourne *et al.,* 2004), six-dimensional (Headley and Miller, 1993), seven-dimensional (Sasser *et al.,* 1978; Freeman and Dart, 1993), nine-dimensional (Carman, 1990), and nineteen-dimensional (Robinson and Pidd, 1998) construct**.** Besides, a number of researchers in different contexts have reported different dimensions for expectations, perceptions, and gap scores (Zhao *et al.,* 2002; Parikh, 2006). In summing up, Babakus and Boller (1992) commented that "the domain of service quality may be factorially complex in some industries and very simple and uni-dimensional in others". In effect, authors claim that the number of service quality dimensions is dependent on the particular service being offered.

Despite many efforts and debates, there has been no consensus on the measure of service quality across industries. In order to overcome this problem, several scales have been replicated, adapted and developed to measure services by taking SERVQUAL as a base, viz., SERVPERF (Cronin and Taylor, 1992, 1994) for hotels, clubs and travel agencies; DINESERV (Stevens *et al.,* 1995) for food and beverage establishments; LODGSERV (Knutson *et al.,* 1990) for hotels; SERVPERVAL (Petrick, 2002) for airlines; SITEQUAL (Yoo and Donthu, 2001) for Internet shopping; E-S-QUAL (Parasuraman *et al.,* 2005) for electronic services; SELEB (Toncar *et al.,* 2006) for educational services; HISTOQUAL (Frochot and Hughes, 2000) for historic houses; LibQUAL (Cook *et al.,* 2001, 2002) for library ; and ECOSERV (Khan, 2003) for ecotourism. Although, SERVQUAL dimensions cover only human element of service delivery and tangibles facet of the service, in the opinion of Sureshchandar *et al.* (2001) but the concept of service quality encompasses other critical factors also.

In an effort to conceptualize all inclusive service quality, Sureshchandar *et al.* (2001) identified five factors viz., core service or service product; systematization/standardization of service delivery: non-human element; human element of service delivery and social responsibility of service quality as critical from customers' point of view to measure service quality. These factors resulted after modifying the original SERVQUAL instrument, by adding and/or reducing other relevant factors. The above discussion reveals that SERVQUAL, designed to be a generic instrument applicable across a broad spectrum of services, has been extensively used, replicated, and found inadequate in many cases. Empirical research till date is primarily built on the Parasuraman *et al.* (1988) SERVQUAL instrument, a 22-item scale that measures service quality across five dimensions. Therefore, in this paper, an attempt has been made to use the critical factors as proposed by Sureshchandar *et al.* (2001) which so far, have not been considered in the empirical literature to measure the customer's perception towards life insurance service quality from the Indian context.

3. Research Methodology

3.1 Research Setting and Participants

The study was conducted on Life Insurance Corporations' customers located in the major cities, namely, Amritsar, Jalandhar, and Ludhiana, in Punjab, a progressive state of India. A sample of 450 customers was taken up who were approached personally at their work places and residence. Out of the total, 337 correctly completed the questionnaires in all respects, yielding a response rate of about 75 percent, was then used for the purpose of analysis. For choosing the sample, non-probabilistic convenience sampling technique was used.

3.2 Measuring Instrument

In terms of measurement scale**,** life insurance service quality in India was measured using five-factor structure model as proposed by Sureshchandar *et al.* (2001). However, of the 41 items in five-facture structure model, five were found inapplicable for inclusion in the life insurance service setting in the Indian context. Besides, 16 additional items were added to the scale to operationalise the perceived service quality. In order to derive the additional items, thorough review of relevant literature and particularly of studies conducted in the life insurance sector at national and international level has been done. Subsequently, these additional items were grouped into five dimensions as proposed by Sureshchandar *et al.* (2001). However, the respondents were not aware of groupings of different dimensions. To examine the face or content validity of the items for inclusion/exclusion, the assistance was sought from experts (branch managers, divisional sales and marketing mangers, development officers, training executives, and especially agents) in the Life Insurance Corporations' offices. Their opinion was used as a filter to unveil specific quality statements based on their experience that really matter for the customers. Consequently, all the 52 items (36 original and 16 new items) were found relevant by all examiners.

The final instrument consisted of a pool of 52 items was developed on a seven-point Likert scale ranging from 'very strongly disagree' (1) to 'very strongly agree' (7). Respondents were merely asked to indicate their degree of agreement with each item. The instrument was pre-tested on 150 customers from Amritsar city. This consequently led to some modifications in the items. Based on written and verbal comments, wording of some individual items was changed. The revised instrument was then used for the main data collection. The details of the instrument and the corresponding modified items used in the current study are presented in Appendix I.

3.3 Statistical Tools

Data so collected were subjected to Descriptive Statistics, Item and Reliability Analysis, Exploratory Factor Analysis using Principal Component method with Varimax rotation, and Multiple Regression Analysis. This study has used SPSS 11.5 software package to analyze the data.

4. Data Analysis and Results

4.1 Sample Characteristics

As already mentioned, the study is based on a sample of 337 customers. The demographic profile of sampled customers is furnished in Table I. The sample consists of a sizeable preponderance (72.1%) of male respondents over female (27.9%) respondents. The respondents are mostly spread between the ages of 21 to 40 (57.3%) and 41 to 60 (38.6%). In terms of marital status, a significant majority of the respondents (82.5%) are married while 17.5% of the respondents are unmarried. Majority (94.4%) of the respondents belong to urban areas whereas only 5.6% reside in rural areas. Most of the surveyed respondents (43.3%) are from Amritsar, followed by Jalandhar (33.8%) and Ludhiana (22.9%). In terms of academic qualifications, it is not surprising that majority (39.8%) of the respondents is graduate followed by post graduates (32.3%), professionals (19.3%), senior secondary pass (6.5%), and matriculates (1.2%). As regards the occupation of the respondents, close to half (43%) are in service class, while 11.5% are businessmen and 19.3% are professionals.

Table I also indicates that as high as 46.3% of the respondents fall in the income range of Rs. 15001 to 30000 followed by those (19.9%) getting between Rs. 30001 to 45000. However, 18.1% of the respondents belong to the income group of Rs. 15000 or about 15.7% are getting above Rs. 45000. In general, the majority (40.7%) of respondents have bought only one policy, while 28.8% have two and 30.6% have more than two policies of the Corporation. As regards the mode of premium payment, the majority (46.3%) of respondents prefer to make yearly payment, 23.1% prefer half yearly, followed by 17.5% quarterly, and 7.1% monthly. 5.9% respondents make the most of premium payments for different policies through more than two modes.

4.2 Item and Reliability Analysis

The aforementioned initial scale was refined using item and reliability analysis. It was performed to retain and delete scale-items for the purpose of developing reliable scale. The corrected item-to-total correlations and cronbach alpha statistics were employed to conduct this type of analysis. Corrected item-to-total correlations reflect the extent to which any one item is correlated with the remaining items in a set of items under consideration (Malhotra, 2007). Items with low corrected item-to-total correlations are candidates for deletion. Bearden (1998) advocated corrected item-to-total correlations of 0.35 or above. Cronbach alpha coefficient varies from 0 to 1, but satisfactory value is required to be more than 0.70 for the scale to be reliable (Hair *et al.,* 2010).

Combining both the approaches as mentioned above, reliability of the 52-items was tested by computing Cronbach alpha scores on Performance-only measurement scale. Hence, it is observed that the application of this technique has reduced the 52-item customers' perception scale to 42-item scale. Cronbach alpha value is estimated as 0.9568 for perception of customers indicating high level of scale reliability. Cronbach alpha of the scale was well above the cut-off value of 0.70, hence, deemed acceptable (Nunnally, 1978; Nunnally and Bernstein, 1994; Sekaran, 2005; Hair *et al.,* 2010). The corrected item-to-total correlations of the final scale ranged from 0.3792 to 0.7204, which is above the minimum recommended level of 0.35 for inclusion of the items in a scale. The final scale came to include 42 positively stated items.

4.3 Factor Analytic Results

In order to provide a more parsimonious interpretation of the results, 42-item scale was then Factor analyzed using the Principal Component method with Varimax rotation. However, before applying factor analysis, the data was tested for its appropriateness.

In the present study, Kaiser-Meyer-Oklin (KMO) Measure of Sampling Adequacy (MSA) and Bartlett's test of Sphricity were applied to verify the adequacy or appropriateness of data for factor analysis. In this study, the value of KMO for overall matrix was found to be excellent (0.918) and Bartlett's test of Sphericity was highly significant ($p< 0.001$). The results thus indicated that the sample taken was appropriate to proceed with a factor analysis procedure. Besides the Bartlett's Test of Sphericity and the KMO Measure of Sampling Adequacy, Communality values of all variables were also observed. The extraction value of the Communalities of all the variables was sufficiently above 0.50 except variable 24; this variable was removed from the instrument as per the recommendation of Hair *et al.* (2010).

Further, for defining the factors clearly, two criteria have been employed. First, it was decided to delete any variable having loading below ± 0.50. Second, it was decided that a factor must be defined by at least two variables. This criterion is consonant with the observations made by Rahtz *et al.* (1988). With this criterion in mind, a series of factor analysis was performed on the data. Following each analysis, items which did not meet the criteria were deleted from the analysis. After these preliminary steps, Factor Analysis with Principal Component Analysis as an extraction method has been performed on the remaining 41-item scale. Furthermore, it was observed that the variable 21 was cross loaded in F1 and F4; that variable too was eliminated (as per the recommendation of Hair *et al.* 2010) from the instrument. Factor Analysis was rerun on the remaining 40-item scale. Ultimately, the final factor solution, which met the criteria, included 34-items defined by seven factors.
Consequently, life insurance service quality in the present study composes seven factors namely, Proficiency; Media and presentations; Physical and ethical excellence; Service delivery process and purpose; Security and dynamic operations; Credibility; and Functionality. The initial instrument (as proposed by Sureshchandar *et al.*, 2001) was adjusted to account for seven factors rather than five factors of service quality.

The results obtained do not fully capture the proposed dimensions (viz., core service or service product; systematization/ standardization of service delivery: non-human element; human element of service delivery and social responsibility) of Sureshchandar *et al.* (2001). Rather seven obtained factors have become a mix match of various items relating to the proposed instrument of service quality. Table II shows total composition of each factor that provides the information regarding items that constituted these seven factors with their factor loadings, eigen values, Cronbach alpha values, and the variance explained by each factor. The seven-factor solution accounted for 66.42 percent of explained variance which is higher than 50 percent. The seven-factor solution might be suggested (Nunnally and Bernstein, 1994) for life insurance sector to measure service quality. All dimensions were named on the basis of the contents of final items making up each of the seven dimensions. The commonly used procedure of Varimax Orthogonal Rotation for factors whose eigen values were greater than 1.0, was employed in the analysis (Hair *et al.,* 2010). The factors so generated had eigen values between 1.193 to 14.893. All items were found highly loaded under seven factors, which indicate customers are highly satisfied with these statements. The values of communalities (h^2) ranged from 0.549 to 0.801 for various statements. It meant that factor analysis extracted a good amount of variance in the statements.

4.4. Regression Analysis

To assess the overall effect of the instrument on service quality and to determine the relative importance of the individual dimension of the generated scale, Multiple Regression Analysis has been performed. For regression analysis, the study adopted the use of a single-item direct measures of overall service quality, namely 'overall quality of Life Insurance Corporation of India is excellent' at seven-point Likert scale.
The regression model considered the seven dimensions as independent variables and overall service quality as dependent variable. The adjusted R^2 of 0.143 ($p=0.000$) indicates that 14.3 percent of variance in overall service quality is predicted by the service quality dimensions (see Table III). Further the results also indicate that Proficiency; Physical and ethical excellence; and Functionality appeared to be significant predictors ($p < 0.05$) of overall service quality. Although, other dimensions (Media and presentations; Service delivery process and purpose; Security and dynamic operations; and Credibility) did not contribute significantly towards explaining the variance in the overall rating. VIF values score from 1.687 to 2.468 indicating that multicollinearity among independent variables is not a problem.

5. Discussion and Managerial Implications

The results show that most of the items proposed under five-dimension structure as suggested by Sureshcahandar *et al.* (2001) are qualitatively relevant to measure life insurance service quality in the Indian context. The real problem arises in the factor structure.

The factor analytic results of the present study depicted a very different structure. Due to some additions and deletions in the proposed instrument, items were redefined and then relocated under seven different factors. There is a general perspective that service quality is a multi-dimensional or multi-attribute construct (Parasuraman *et al.*, 1985). However, there is no general agreement as to the nature or content of the dimensions (Seyedjavadein *et al.*, 2007). The five-factor structure model as proposed by Sureshcahandar *et al.* (2001) has been refined to seven-factor construct (consisting of 34 items) representing Proficiency; Media and presentations; Physical and ethical excellence; Service delivery process and purpose; Security, and dynamic operations; Credibility; and Functionality. Among these factors, three viz., Proficiency; Physical and ethical excellence; and Functionality have significant impact on the overall service quality of Life Insurance Corporation of India. The results also show that Proficiency has the highest impact and Functionality has the lowest one, while the role of Service delivery process and purpose; Media and presentations; Security and dynamic operations; and Credibility are not confirmed by the data.

Overall, the results do indicate that a meaningful pattern or a higher level of abstraction can be obtained from five critical factors in the new context, although the original five-dimension (Sureshchanadar *et al.*, 2001) of the scale is not applicable in the present study. However, five-factor would need to be customized for each industry. Ladhari (2008) has also concluded in his study that the number and nature of the dimensions varied, depending on the service context; indeed, they varied even within the same service industry. Moreover, one has to bear in mind that the notion of service quality is industry and country specific (Ford *et al.*, 1993; Akviran, 1994; LeBlanc and Nguyen, 1988). Further, as per the views of Siddiqui *et al.* (2010), for service quality modeling, a set of dimensions is required, but there seems to be no universal dimension; it needs to be modified as per the service in consideration. Thus, five dimensions require re-examination in the context of Indian life insurance sector. Hence, it would be advisable to re-define the factors according to the results obtained under the Indian conditions.

5.1 Managerial Implications

The findings of the study show that seven factors play a vital role in influencing the perception of customers toward service quality of Life Insurance Corporation of India. Proficiency is the key factor having impact on customer's perception towards life insurance service quality. By improving the performance of agents and employees, Life Insurance Corporation of India can increase its customer's satisfaction. In addition, other factors that customers are concerned at life insurance sector are Physical and ethical excellence; as well as Functionality. Existing life insurance players and new/ potential entrants to Indian life insurance market must specify the weight of each factor having impact on customer's perception towards life insurance service quality. Based on the relevance of each of these factors, life insurance industry can propose appropriate action plans. Moreover, life insurance players who are planning to do business in India should be attentive when studying on service quality, so that they can focus on the major dimensions and plan to meet the customers' expectations.

6. Limitations and Further Research

Firstly, this study was carried out mainly in Punjab; therefore, the results obtained may not be pertinent to the country as a whole. Of course, the study can be extended to other states of India. Secondly, the present study has been conducted by taking a sample of 337 customers of Life Insurance Corporation (a public company), ignoring the private life insurance companies. This cannot lead to the generalizability of the findings and the results may not be implied conclusively to the whole life insurance industry. Additional studies are recommended to fill this gap. Thirdly, in the current study, exploratory factor analysis using principal component method with varimax rotation has been used. Moreover, the results of this study may further be validated by employing confirmatory factor analysis technique. Fourthly, other variables (like future purchase intension, and overall satisfaction level etc.) having impact on customer's overall evaluation of service quality should be taken into account in future research. Finally, these limitations may decrease the ability of generalizing the results of this study to other life insurance companies' settings. Therefore, the conceptual and methodology limitations of this study need to be considered when designing future research.

7. Conclusion

The results of current study provide additional empirical evidence to evaluate the critical five factors as proposed by Sureshchandar *et al*. (2001) in the case of life insurance sector. The original five dimensions of Sureshchandar *et al*. (2001) do not factor out in this study. This indication is somehow in consonance with other authors (Brown *et al*., 1993; Babakus and Boller, 1992; Carman, 1990) who stated that the number and composition of the service quality dimensions is probably dependant on the service setting.

In the present study, five-factor structure model as proposed by Sureshcahandar *et al.* (2001) has been refined to seven-factor construct representing Proficiency; Media and presentations; Physical and ethical excellence; Service delivery process and purpose; Security and dynamic operations; Credibility; and Functionality. Among these factors, three viz., Proficiency; Physical and ethical excellence; and Functionality have significant impact on the overall service quality of Life Insurance Corporation of India.There is still a need for research into the dimensionality of service quality, bearing in mind the contextual circumstances – the specific industry and the specific service setting. In some services the five-factor structure of Sureshchandar *et al*. (2001) need considerable adaptation and items used to measure service quality should reflect the specific service setting under investigation, which may necessitate addition or deletion of some items as required. Researchers and practitioners who apply the five factors to life insurance market in general particularly in India should re-evaluate the measurement instrument.

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Table I: Demographic Characteristics of Sampled Customers (n=337)

Demographics	No. of Customers
Gender	
▪ Male	243 (72.1)
▪ Female	94 (27.9)
Age	
▪ Upto 20	4 (1.2)
▪ 21-40	193 (57.3)
▪ 41-60	130 (38.6)
▪ Above 60	10 (3)
Marital Status	
▪ Married	278 (82.5)
▪ Unmarried	59 (17.5)
Place of Residence	
▪ Rural	19 (5.6)
▪ Urban	318 (94.4)
City	
▪ Amritsar	146 (43.3)
▪ Jalandhar	114 (33.8)
▪ Ludhiana	77 (22.9)
Educational Qualification	
▪ Matric	4 (1.2)
▪ Senior secondary	22 (6.5)
▪ Graduate	134 (39.8)
▪ Post graduate	109 (32.3)
▪ Professional	65 (19.3)
▪ Any other	3 (0.9)
Occupation	
▪ Serviceman	145 (43.0)
▪ Businessman/self-employed	115 (34.1)
▪ Professional	65 (19.3)
▪ Any other	12 (3.6)
Monthly Income (Rs.)	
▪ Up to 15000	61 (18.1)
▪ 15001-30000	156 (46.3)
▪ 30001-45000	67 (19.9)
▪ Above 45000	53 (15.7)
Total Number of Policies Bought (Individually)	137 (40.7)
▪ One	97 (28.8)
▪ Two	103 (30.6)
▪ More than two	
Mode of Payment	
▪ Monthly	24 (7.1)
▪ Quarterly	59 (17.5)
▪ Half-yearly	78 (23.1)
▪ Yearly	156 (46.3)
▪ More than two mode	20 (5.9)

Note: Figures in parentheses show percentages.

Table II: (Rotated) Factor Analytic Results of Customers' Perception Scale

Factors	Loading	Eigen Value	Percentage of Variance	Cronbach Alpha
F1 Proficiency		14.893	37.233	0.9143
Willingness to help customers and the readiness to respond to customers' requests	0.767			
Giving caring and individual attention to customers by having the customers' best interests at heart	0.763			
Agents and employees who instill confidence in customers by proper behaviour	0.756			
Agents and employees who understand the specific needs of their customers	0.754			
Apprising the customers of the nature and schedule of services available in the organization	0.751			
Providing prompt service to customers	0.707			
Agents and employees who have the proper knowledge and competence to answer customers' specific queries and requests	0.651			
Effective customers' grievance redressal procedures and processes	0.600			
F2 Media and Presentations		3.435	8.588	0.8508
Attractive and informative media, theme layout, and language of the advertisement	0.753			
Visually appealing materials and facilities associated with the service	0.732			
Easy to get information about insurance policies through T.V., newspaper, Internet etc. rather than agents	0.722			
Staff appeared neat and professional	0.638			
Modern looking updated equipment, fixtures, and facilities	0.611			
F3 Physical and Ethical Excellence		2.553	6.383	0.8714
Provides proper drinking water and sanitary facilities	0.710			
Branch layout has been designed to give more space to the customers to transact business	0.702			
Providing visually appealing signs, symbols, advertisement boards, pamphlets and other artifacts in the branch offices	0.691			
Comfortable physical layout of premises, furnishings, and ambient conditions (e.g. temperature, ventilation, noise, odor) for the customers to interact with official staff	0.635			
Promotes ethical conduct in everything it does	0.615			
High rate of return on insurance products as compared to the other saving instruments (fixed deposit in banks, national saving certificates etc.)	0.516			
F4 Service Delivery Process and Purpose		1.787	4.469	0.8638
Adequate and necessary personnel/agents for good customer services	0.677			
Timely revival of lapsed policies, change of nominations, addresses and mode of premium payment etc.	0.660			
Speedy documentation and processes from the time of issue of policies up to the settlement of claims (e.g. premium and default notices etc.)	0.626			
Number of regular meetings with agents, discussion on each and every aspect of the policy, analysis of various tax aspects etc. in order to buy life insurance policy	0.606			
Performing services right the first time	0.600			
Ability of agents to give truthful advice on investments /tax benefits etc.	0.535			
F5 Security and Dynamic Operations		1.435	3.587	0.7711
Convenient to pay premium on due date	0.739			
Flexible products/ new products that meet customers' needs	0.652			
Making customers feel safe and secure in their transactions	0.638			
Enhancement of technological capability (e.g. computerization, networking of operation, etc.) to serve customers more effectively	0.559			
F6 Credibility		1.273	3.183	0.7309
Adequate and necessary facilities for good customer services	0.656			
Wide use of modern and alternate mode of premium payment, such as electronic clearing system, payment through Internet etc.	0.598			
Appropriate behaviour of the concerned staff	0.504			
F7 Functionality		1.193	2.982	0.4814
Convenient location of the branch offices	0.719			
Availability of top officials in case of need	0.507			

Note: Factor loadings below 0.50 are not shown in this Table.

Table III: Effect Size and Relative Importance of the Individual Dimensions

Factors	Standardized Coefficient (β)	Significant (p)	VIF
Proficiency	0.035	0.003*	1.709
Media and presentations	0.019	0.244	1.964
Physical and ethical excellence	-0.032	0.040*	2.468
Service delivery process and purpose	0.024	0.160	2.224
Security and dynamic operations	0.043	0.125	1.808
Credibility	0.001	0.984	2.016
Functionality	0.105	0.030*	1.687

*Note: R^2 = 0.161, Adjusted R^2= 0.143, F= 9.007, Significance =.000; * significant at p<0.05*

Appendix-I

Statements	My Perception Level SD SA
Policies/plans of LIC superior to or more attractive than the private insurance companies	1 2 3 4 5 6 7
Flexible products/ new products that meet customers' needs	1 2 3 4 5 6 7
Provides information/details about service innovations on a regular basis through post, telephone, banks etc.	1 2 3 4 5 6 7
Diversity and wide range of services (like variety of policies i.e. children plans, joint life plan, pension plans, special plan for women with different benefits options)	1 2 3 4 5 6 7
Premium paid is too low as compared to the benefits derived	1 2 3 4 5 6 7
High rate of return on insurance products as compared to the other saving instruments (fixed deposit in banks, national saving certificates etc.)	1 2 3 4 5 6 7
Adequate surrender value in case the policy is discontinued before maturity	1 2 3 4 5 6 7
Reasonable penalty charged for late premium payment	1 2 3 4 5 6 7
Convenient to pay periodical premium through agent than paying directly to the branch offices	1 2 3 4 5 6 7
Prefer to buy policies of private companies rather	1 2 3 4 5 6 7
Agents and employees who have the proper knowledge and competence to answer customers' specific queries and requests	1 2 3 4 5 6 7
Apprising the customers of the nature and schedule of services available in the organization	1 2 3 4 5 6 7
Giving caring and individual attention to customers by having the customers' best interests at heart	1 2 3 4 5 6 7
Willingness to help customers and the readiness to respond to customers' requests	1 2 3 4 5 6 7
Agents and employees who understand the specific needs of their customers	1 2 3 4 5 6 7
Agents and employees who instill confidence in customers by proper behaviour	1 2 3 4 5 6 7
Making customers feel safe and secure in their transactions	1 2 3 4 5 6 7
Appropriate behaviour of the concerned staff	1 2 3 4 5 6 7
Providing promised services as per the set schedule	1 2 3 4 5 6 7
Performing services right the first time	1 2 3 4 5 6 7
Showing sincere interest in solving customers' problems	1 2 3 4 5 6 7
Providing prompt service to customers	1 2 3 4 5 6 7
Effective customers' grievance redressal procedures and processes	1 2 3 4 5 6 7
Agents inform and guide the customers at regular intervals as regards the policy status, due date of premium, new products and services	1 2 3 4 5 6 7
Availability of top officials in case of need	1 2 3 4 5 6 7
Ability of agents to give truthful advice on investments /tax benefits etc.	1 2 3 4 5 6 7

Statements	**My Perception Level** **SD** **SA**
Speedy documentation and processes from the time of issue of policies up to the settlement of claims (e.g. premium and default notices etc.)	1 2 3 4 5 6 7
Timely revival of lapsed policies, change of nominations, addresses and mode of premium payment etc.	1 2 3 4 5 6 7
Number of regular meetings with agents, discussion on each and every aspect of the policy, analysis of various tax aspects etc. in order to buy life insurance policy	1 2 3 4 5 6 7
Convenient to pay premium on due date	1 2 3 4 5 6 7
Medical checkup done properly	
Easy to get information about insurance policies through T.V., newspaper, Internet etc. rather than agents	1 2 3 4 5 6 7
Attractive and informative media, theme layout, and language of the advertisement	1 2 3 4 5 6 7
Prefer to buy LIC policy through banks	1 2 3 4 5 6 7
Adequate and necessary personnel/agents for good customer services	1 2 3 4 5 6 7
Enhancement of technological capability (e.g. computerization, networking of operation, etc.) to serve customers more effectively	1 2 3 4 5 6 7
Adequate and necessary facilities for good customer services	1 2 3 4 5 6 7
Visually appealing materials and facilities associated with the service	1 2 3 4 5 6 7
Convenient operating hours and days of the branches for the customers	1 2 3 4 5 6 7
Staff appeared neat and professional	1 2 3 4 5 6 7
Modern looking updated equipment, fixtures, and facilities	1 2 3 4 5 6 7
Convenient location of the branch offices	1 2 3 4 5 6 7
Providing plenty of convenient parking facility at all branches for their customers	1 2 3 4 5 6 7
Branch layout has been designed to give more space to the customers to transact business	1 2 3 4 5 6 7
Comfortable physical layout of premises, furnishings, and ambient conditions (e.g. temperature, ventilation, noise, odor) for the customers to interact with official staff	1 2 3 4 5 6 7
Providing visually appealing signs, symbols, advertisement boards, pamphlets and other artifacts in the branch offices	1 2 3 4 5 6 7
Provides proper drinking water and sanitary facilities	1 2 3 4 5 6 7
Promotes ethical conduct in everything it does	1 2 3 4 5 6 7
Wide use of modern and alternate mode of premium payment, such as electronic clearing system, payment through Internet etc.	1 2 3 4 5 6 7
Sense of public responsibility among concerned staff in terms of being punctual, regular and sincere	1 2 3 4 5 6 7
Provides customer feedback card system for their level of satisfaction with the services of the insurer	1 2 3 4 5 6 7
LIC emphasizes high quality service than the volume of sale	1 2 3 4 5 6 7