

## **A Study on Customer Perception about Private Insurance Providers**

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### **ABSTRACT**

Services are economic activities that bring about a desired change in, or on behalf of, the service recipient, thereby creating value and providing benefits for the customers. Thus, the focus remains on customer satisfaction, just as in goods, but in services, emphasis is on the personal reception of these benefits. Value generation, customer-centricity and customer satisfaction are the key attributes of services as economic activities.

The Service Sector is going through almost revolutionary change, which dramatically affects the way in which we live and work. The size of the service sector is increasing in almost economies around the world. The Gross Domestic Product is the indicator of the performance of an economy. Compared to other sectors, Service Sector is becoming more and more important in Indian Market. In 2019-20, the percentage of Service Sector contribution in GDP (Gross Domestic Product) will increase to 60%. Services Sector or the “Territory Sector” of the economy covers wide range of activities.

**KEYWORDS:** Insurance, Perception, Service

### **INTRODUCTION**

The most comprehensive definition of a Service has been given by Philip Kotler, who defines, “a service as an act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything”. Zeithmal and Bitner define Services as ‘deeds, processes and performances’. Here, deeds are the actions of the

service provider, processes are the steps in the provision of service and performance is the customers understanding of how the service has been delivered. Services Marketing require understanding of the applications of basic concepts such as consumer behaviour and expectations, special elements in the marketing mix, and the measurement and control of the services delivery process.

Today, the Service Sector is recognized as a crucial field for economic well being. Consumption of services is deemed essential today. Indeed, once the basic needs are met, consumers seem to seek more services than goods, and higher standard of living means increased of services rather than higher consumption of goods only.

### **Customer Perception**

Perception is the impression created in the mind of the customer. There may or may not be physical evidence existing to support such an impression. Perception is intangible and hence it is difficult to control. In addition, customer perceptions may be highlighted by customer attitudes and preconceived notions.

It is the endeavour of all marketing organizations to aim at customer satisfaction. Thus profit or gain through customer satisfaction has been the theme in all the marketing efforts. As a result, quality delivery, value delivery, and customer satisfaction through the delivery of quality and value have been cornerstones of marketing studies.

Both the recognition of service delivery and its quality are dependent on the customer's perception. Customer satisfaction is the stepping stone leading to long-term profitability of the business. Customer perception is very important for it determines the extent of customer satisfaction from service delivery. The evaluation by the customer is highly subjective. The customer if satisfied with the service will continue to patronize the same service provider.

The customer is central to the subject of Marketing. The three stages of consumer behaviour are

- Cognitive (Understanding Phase)
- Affective (Influencing Phase)
- Behavioural (Active Phase)

Consumer purchase behaviour, evaluating service offers, customer satisfaction with services delivery, and post-purchase customer behaviour are the key concepts that are applied to the marketing of services. Uncertainty in life makes the people to think about the security for it. Here Insurance plays a vital role. Insurance has been defined to be that in which “A sum of money as a premium is paid by the insured in consideration of the insurer’s bearing the risk of paying large sum upon a given contingency”.

Insurance is a contract wherein one party (the insurer) agrees to pay to the other party (the insured) or his beneficiary, a certain sum upon a given contingency (the risk) against which is required. Our Life is like a pyramid, our needs and responsibilities raise along with our age, Insurance is the main source to build our life with strong base of protection.

The main function of Insurance is to provide protection against the possible changes of generating losses. It eliminates worries and miseries of losses at destruction of property and death. Further, it provides capital to the national economy since the accumulated funds are invested in the productive heads. The industries, business, individuals are considerably benefited by the services of insurance organizations.

## **NEED FOR THE STUDY**

The focus of this study is to analyze the views of the customers relating to their investment in the private insurance policies. Further, this study is an attempt to identify the

opinion of customers of having the private insurance policies by analyzing the customers views regarding the special features of Private Insurance Companies compared to Public Insurance Companies.

### **OBJECTIVES OF THE STUDY**

- To analyze Factors determining the Purchase of Private Insurance Company Policies
- To examine the influence of private insurance companies service expectation & satisfaction and features on private insurance policy purchase decision.

### **SCOPE OF STUDY**

Scope of the project is to identify the customers perception that could be influenced to enhance customer satisfaction and customer's purchase intention. The main aim of the study is to identify the analyse about the customer perception about the insurance providers.

### **REVIEW OF LITERATURE**

A literature review is a body of text that aims, to review the critical points of current knowledge including substantive findings as well as theoretical and methodological contribution to a particular topic. It is the description of the particular topic or field. A good literature review expands upon the reason behind selecting a particular area for research.

A number of studies have been proposed by researchers to explain about the customer's choice of selecting the insurance products, the position of Private Insurance Company's image in the minds of customers, their views regarding selecting Insurance Companies and so on. These studies which are proposed by the researchers are based on the

empirical data at small and large scale level. An attempt has been made to in this chapter to review the available literature on the research topic.

### **An overview of Indian Insurance Sector**

T.N.Murthy, Riswana Ansari and P. Raja Babu, (2009)

The Insurance Industry is going through radical changes in its products as well as in its competitive service strategies towards customers. Article explains about the Indian Insurance industries historical aspects, Insurance Sector reforms by Malhotra Committee, the entry of Private Insurance players in the insurance market and the coverage of insurance services by GATS. Financial Services in the GATS include two broad categories of service – insurance and other services related to insurance are also explained. It is concluded with the statement saying that financial development of the economy is based on the mobilization of savings and which will play an active role of providing social security.

Gunita Arun Chandhok (2009)

Study explained about the non coverage of the below poverty line people by insurance sector. The Government, Insurance Companies, Micro Finance Institutions (MFI), Self Help Group, Banks, Health Institutions and Co-operatives can play an important role in propagating Insurance to this section of society. Developing countries like India, Uganda, Kenya, Tanzania and Bangladesh have ventured into the field of micro insurance with the help of MFIs, Banks, NGOs, Donors, Health institutions and Co-operatives focusing on areas like life and endowment cover, accident cover and comprehensive health care.

The study is based on the survey of awareness level of Health Insurance among rural poor and finding the impact of this insurance on their financial lives. Sample size taken was 98 having an income of below Rs. 1,800 in Kanchipuram District. The results indicate that there is a huge untapped market for health insurance in Kanchipuram District.

Finally study concluded that the untouched market can be catered by insurers by proving appropriate delivery channel, types of coverage, product simplicity and easy premium collection methods.

N.Kannan, Dr.N. Thangavel (2008) This study explains about the origin and growth of Insurance sector and the Private Insurance Companies financial status. The role of the information technology and the personalised experience of the consumers will fulfil the customers search request. Preferred rating agency gives the clear picture about the performance updates of 2009 of Non-Life Insurance Industry in India. It states that the role of the Public Sector and its dominating position in the market and explains that better leveraging technology might enable private players to improve penetration level. The article explains about the impact of the de- tariffication of the General Insurance. The de-tariffing of Indian general Insurance Industry has occurred in three phases namely 1994- Marine Cargo, Personal Accident, Health, Aviation, 2006- Marine Hull segment, 2007- Fire, Engineering and Motor Own Damage (OD) segments were freed from tariff restrictions. It explained about the impact of de-tariffing. On the whole de- teriffing gives a way for the improvement in the insurance sector and there may be a move to raise FDI (Foreign Direct Investment) in Insurance Companies from 26% to 49% in reality as well as the insurance sector which can capture the untapped market.

Martina Eckardt, Solvig Rathke- Doppner (2010) Article explains about the role of the service intermediaries in insurance service sector in Germany. The role of the insurance intermediaries in matching the demand and supply of insurance markets is explained. Intermediaries give all the information to the customer about the products, their benefits, advice for investment in the insurance products. These intermediaries reduce the complexity for consumers and transaction costs for Insurance Companies. The service quality provided by the Insurance intermediaries in Germany is analysed by taking a sample of 927 German exclusive agents, independent agents and insurance brokers.

Dr.Saif Siddiqui (2009) The article explains about the origin, growth of the Insurance Industry in India and he has used the secondary data from annual reports to give a clear picture about the Life Insurance Industries in India both Public and Private sector. It has been found that LIC is losing market share in favour of new entrants or private companies and that LIC only is fairly settled as Life Insurer in India.

Alok Mittal (2005) The study was carried out in order to identify the factors which the consumers take into consideration before selecting life insurance products and ranking the factors in order of their importance. For the purpose of analysis both public and private insurance products were taken into consideration and 150 samples were taken from Indore for analysis.

MR.Manvendra Pratap Singh, Arpita Chakraborty, and Dr.Raju G (2011) The paper explains about the important aspects of Life Insurance Marketing activity from a services perspective and highlights the contemporary issues and challenges facing the Life Insurance Companies in product marketing. It explains about the concept of 7 P's in the Insurance Industry such as Product, Price, Place, Promotion, People, Process and Physical Evidence, and it also analyses the distribution channels available for the insurance products. There is a need for diversification of insurance products to suit the need of the customer is essential and the pressure of private entry forces the public life Insurance Industry to upgrade their level of service, the information technology should be utilized as a real channel of distribution and there is a need that all private and public players should modify their marketing strategies to overcome all the issues and challenges to have an orderly growth in the Insurance Sector.

Erik Feyen, Rodney Lester, Roberto Rocha (2011) The paper contributes to the literature by examining the determinants of insurance premiums (both life and non-life premiums) and total assets for a panel of 90 countries during the period 2000-2008. The results show that life sector premiums are driven by per capita income, income distribution, the size of the public pension system, state ownership of Insurance

Companies, the availability of private credit, and religion. The non-life sector is affected by these and other variables. The development of the Insurance Sector can be influenced by a number of policy variables. The positive impact of private ownership on the sector's growth is another finding, as the state still plays a predominant role in many countries. The insurance sector flourishes under a supportive legal framework and also benefits significantly from developed credit and bond market.

Dharmendra Singh (2011) The study aims to identify the factors influencing the selection of Insurance Company for purchasing the policy. Customer preference for the company is based on the 7 Ps of services marketing, and using ANNOVA, it is found that product features, accessibility, lower premium amount, advertising, proper redressal of complaints and better claim settlement are the some of the factors which influence the choice of the Company.

K. Rajeswari, and S.Kartheeswari (2011) The article analysed about the role of the Public and Private Insurance Companies in General Insurance, and the edges of the Public and Private companies. The gross premium collection has been taken as the criteria for analysis and it has been stated that the Private Insurance premium collection is more as compared to the Public General Insurance Companies, and the infrastructure is compared with Private Insurance Companies. The edge of private company over public company is on the nature of the marketing force, awareness programme by private players. Claim settlement procedures are the mile stones of the development of the Private General Insurance Companies. It is found that the Private Insurance Players are taping the policy holders at a greater level.

Mohit Anand The impact of product and process innovation emanating out of Joint Venture (JV) operations and its impact on the growth of the Insurance Industry is examined. The joint venture provides firms with an efficient means for acquiring and exchanging complimentary knowledge thereby leading to greater level of innovation and



growth as its consequence. The share of the service sector contribution in the GDP, along with other sectors like agriculture and industrial sector is studied.

In Sigma research (2004) report published by “Swiss Re” comments: Impressive growth process prospects for emerging market are putting them at frontier of insurance. India is arguably the most challenging and promising emerging insurance markets. He states that the Joint Venture Insurance Companies are using innovative techniques to market and expand the outreach of their products and services through intermediaries such as banks, microfinance institutions and co-operative societies to increase their market share and compete with well-entrenched state-owned Insurance Companies.

Dr.H.Sadhak (2005) The article explains about the impact of globalization and liberalization on the insurance segment, financial market globalization has been strongly supported by globalization of insurance market. Managing the face of globalization through strategic business planning, product innovation, management accountability, efficiency in Investment management, Technology Management, HR Management, Service Quality Management, improvement in disclosure and Corporate Governance were analysed.

MR.Milan Kumar Sahoo (2012) The paper analysis about the economic growth based on Insurance Sector by taking various aspects such as premium level, market share etc ., In order to make insurance sector more important financial intermediary complete deregulation and increase in the pace of reforms are needed.

P.David Jawahar and R.Maheswari, (2009) In the article the emphasis is on the synergy between the emotional attachment and the brand loyalty. The model encompasses service encounter satisfaction and service quality as independent variables. As per the model service performance is measured on the following independent factors like tangibility, reliability, responsiveness, assurance, empathy. Each factor has the capacity to create emotional attachment which is the mediator for the establishment of strong relationship between the service performance and emotional brand. The survey was done within

Tiruchirapalli, (a medium size city in South India, with sample size 42). The statistical methods of ANNOVA, Regression analysis were used. It is found that there is a relationship between the service quality and emotional attachment. Emotional attachment has been identified to be a mediator in building emotional factors.

T.Devasenathipathi, P.T.Saleendran, A. Shanmugasundaram (2007) The article analyses all the Life Insurance Companies by analysing certain variables, the effect of privatization, measuring customer perception, purchase behaviour, and consumer awareness regarding the life Insurance Industry.

Dr.Binod Kumar Sing This article explains about the role of IRDA, role of Indian banks, role of Private Insurance Companies, function of Insurance Companies, various factors influencing consumer behaviour, factors influencing buying decision and model of consumer decision making process.

Sunayna Khurana(2008) The main objective of the article is to identify customer preferences regarding Insurance Company and their products, customer's purpose of buying the policy and their satisfaction level. The analysis was undertaken with a sample survey of 200 respondents with a structured questionnaire, using convenient sample method.

Sonia Chawla and Fulbag Singh (2008) The purpose of the study is to identify the Service Quality Factors affecting customer's satisfaction levels of the policy holders. The study is based on 210 policy holders from North India, The impact of privatization on various Service Quality Aspects, envisaged assessing the attitude of the policy holders towards various service quality dimensions and their consequent satisfaction level is analysed.

Darshana Dave, Kunjal Sinha The article proposes the importance of agents in Public and Private Insurance Sector. Agents have been the primary channel for insurance distribution over the years. Public and Private Insurance Companies attract people to become the agents of their Company Sample survey of 50 agents has been conducted the

Regarding the One way ANNOVA reveals that the income of the agents affects the preference for commission structure, range of policies with the Company, advertisements made by the company and network of the Company.

Paromita Goswami (2007) The objective of the study is to identify the dimensions of service quality that ensures maximum satisfaction for the customers in the Life Insurance Industry. The hypothesis that has been taken that superior service quality performance in certain dimensions ensures maximum customer satisfaction in the life Insurance Industry.

A.Lenin Jothi In the abstract of the thesis the research scholar has explained about the determinants of service quality and compared the level of customer satisfaction in the public and private life insurance spheres. The study uses twenty two attributes of SERVQUAL instrument capsulated into five dimensions of service quality (such as tangibility, reliability, responsiveness, assurance and empathy) without modifications.

The sample customers chosen for the study are customers who have policy after liberalisation of Insurance Industry that from either LIC or any one of the five Private Insurance Companies namely ICICI Prudential, HDFC Standard Life Insurance Company, Birla Sun Life, SBI Life Insurance, and Bajaj Alliance. Sample size fixed as 1,000 in the National Capital Region of Delhi and its suburbs by using quota sampling.

Deepika Upadhyaya, Manish Badlani (2011) As per the article a Company value perspective, fulfilling customer needs are a key source of income to an organisation and achieving complete customer satisfaction is the only key for the company to succeed. Insurance Industry forms an integral part of the Indian financial market, with Insurance Companies being significant institutional investors.

The main objective of the study is to study the customer's perception of service quality offered by the Life Insurance Companies operating in the state of Rajasthan and Maharashtra (India), the specific objectives taken were to identify the

factors of customer satisfaction in retail life insurance in India, importance of technology in fulfilling customer satisfaction.

## RESEARCH METHODOLOGY

A quantitative research approach is generally characterized by a small amount of studied variables on a larger scale of respondents. This approach typically means that a population is examined by investigating a sample of that population. The findings gained from that sample represent the entire population and the findings of the sample can thus be generalized across this population. To enable a generalization across the population it is important that the research is carried out in a standardized and structured way and also in measurable terms. In order to present the findings in a formalized manner the findings need to be measurable and presentable in statistics. (Bryman & Bell, 2011).

There are mainly three types of designs to take into account when planning a research project. These types of designs include exploratory, causal, and descriptive research designs (Bryman & Bell, 2011; Ghauri & Gronhaug, 2010). Exploratory research design is according to Bryman & Bell (2011) normally used in the beginning of a research project to identify potential problems with the upcoming research. This type of research aims to clarify if the intended research direction is viable or not. The aim of causal research design is according to Bryman & Bell (2011) to describe how variables affect and cause other studied variables to change and impact each other. This type of research design is thus a way of predicting how changes among variables may affect and cause others but demands that the researcher have the ability to control the independent studied variables in order to ensure that the result can be supported. Descriptive research design deals with everything that can be statistically measured and counted numerically in a study. Therefore descriptive research is also known as statistical research and can with gathered data describe characteristics of a population or phenomenon. The aim with this type of research is to answer who, what, where, when, how, and why questions (Bryman & Bell, 2011).



## Research Design

In this study a quantitative research approach is implemented since the purpose of this study is to gain knowledge about an entire population. This could also be achieved with a qualitative research approach. However, findings of qualitative character cannot be analyzed statically and presented in numbers since the problem at hand are investigated deeply with a smaller number of respondents. This results in that qualitative research cannot achieve generalizability to the same extent as a quantitative research approach where the results are supported statistically (Yin, 2003). Further, this study strives not to gain deeper knowledge about the studied variables but to assess the relationship between the variables to support or reject the hypothesis in this study.

For this study, both the buyers (life insurance policy holders) and the sellers (front line executives/agents) of life insurance products were included. It also investigates the socio-economic status and the life insurance policy buying behavior of the targeted population in the study area. This study was conducted in Chennai which is pre-dominantly city in nature. The data collection zone was limited to Chennai. All major life insurers have a presence in this area, especially in urban areas. LIC has a vast network all over these two districts whereas private insurers are new to this region. Life insurance penetration is very low and awareness about life insurance products is also not so good. In this region, it is almost an agent-driven business.

## Data Collection

The data collection method was basically primary on the basis of a sampling design consisting both convenient and quota sampling strategies. The data collection domain was limited to Chennai.

## Questionnaire

The questions were extracted from the operationalization of the study and were each related to the different concepts of the study. The questions were formulated as statements that the respondent had to consider from his perspective and further grade on a provided Likert scale from one to seven where one was referred to as “strongly disagree” and number seven where referred to as “strongly agree”.

Study is based on the customer perception as regards Private Insurance Companies at Chennai in Tamil Nadu. While comparing the expected and perceived quality of service, the outcome will reveal the satisfaction of the customer. If the perceived quality is greater than the expected quality, it results in a delighted customer. When the perceived quality equals expected quality, then the result is a satisfied customer.

## **DATA ANALYSIS & INTERPERTATION**

This chapter attempts to analyze the data collected from the sample population of Private Insurance Company Policy Holders in Chennai. For the statistical analysis percentage analysis, factor analysis, paired t test, and multiple regression tools were used.

- Percentage analysis is the method to represent raw streams of data as a percentage for better understanding of collected data.
- Factor analysis by Principal Component Method is applied and the results are separately obtained under Kaiser-Meyer- Olkin (KMO), Measure of Sampling Adequacy to examine the appropriateness of factor analysis. High values (between 0.5 and 1.0) indicate factor analysis is appropriate.
- Paired “t” test is used to compare means on the same or related subject over time or under different circumstances.

- Multiple regression analysis represents a logical extension of two variable regression analysis. Instead of a single independent variable, two or more independent variables are used to estimate the values of a dependent variable.

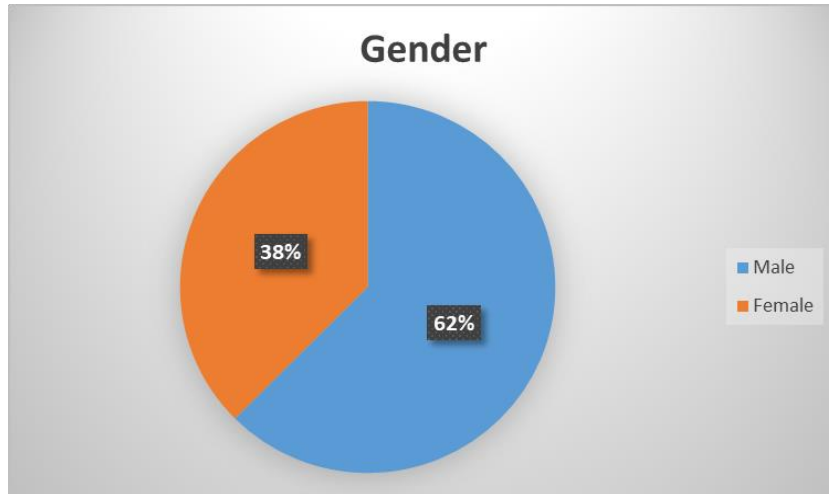
### **Demographic Profile:**

This section analysis throws light on the demographic profile and personal characteristics of the policy holders. The descriptive statistics of this chapter provides information pertaining to the Private Insurance Company’s policy holders with reference to

- Gender
- Age
- Educational qualification
- Occupation
- Number of members in a family
- Monthly Income

### **Gender of Private Insurance Policy Holders**

<b>Gender</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Male	134	67	67
Female	66	40.2	100.0
Total	200	100.0	

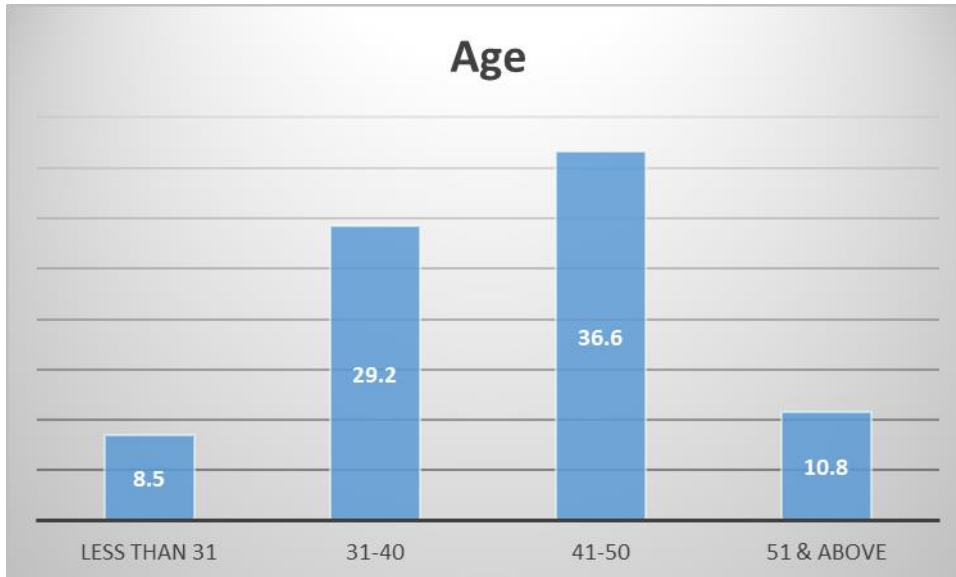


The above detail shows that the majority 67% of the policy holders are male.

#### Age of Private Insurance Policy Holders

Age ( in years)	Frequency	Percent	Cumulative Percent
Less than 31	17	8.5	8.5
31-40	46	29.2	37.7
41-50	83	36.6	65.8
51 & above	54	10.8	100
Total	200	100.00	



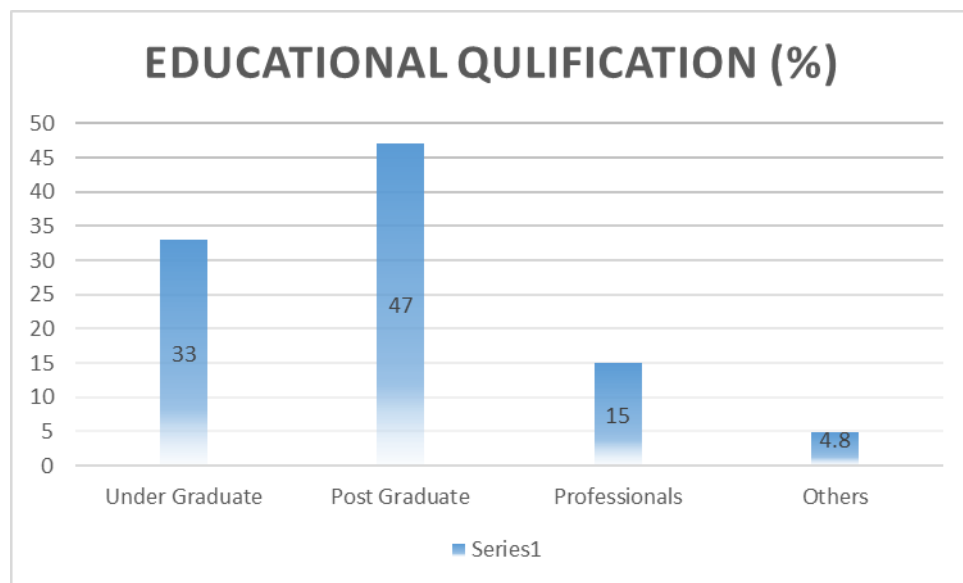


23.40% of the policy holders are in the age group of less than 31 years, 29.20% are in the age group of 31-40. The policy holders within the age group of 41-50 cover 36.60% of the respondents. Only 10.80% of the policy holders are above 51 years.

### Educational Qualification

<b>Educational Qualification</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Under Graduate	66	33	33
Post Graduate	95	47	80
Professionals	30	15	96
Others	9	4.8	100

Total	200	100	
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### **PRETESTING OF THE QUESTIONNAIRE**

A preliminary analysis is undertaken by conducting Pilot Study of 200 policy holders of Private Insurance Companies. The study is conducted to check the reliability and the feasibility of questionnaire used for analysis.

Cronbach’s Alpha Reliability Test has been used to study the consistency of Linkert’s five point scale measuring variables of the questionnaire and it is found to have high reliability with Cronbach’s Alfa Co -efficient. The following are the variables taken into consideration.

### **Factors determining the Purchase of Private Insurance Company Policies**

A wide variety of factors exist for making purchase decision on insurance which is purely based on the customers own attributes. As per the views of the customers under this analysis the advertisement plays a vital role in moulding the mind of the customers towards particular Insurance Company.

**Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Bartlett’s Test of Sphericity for Purchase Decision**

<b>Kaiser-Meyer-Olkin Measures of Sampling Adequacy</b>		<b>0.834</b>
Bartlett’s Test of Sphericity	Approx. Chi-Square	1,759.67
	df	55
	Sig	0.000

**Total Variance of Private Insurance Companies Purchase Decision**

Component	Initial Eigen values			Rotation Sums of Square		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
In order to maintain existing life style.	4.127	37.516	37.516	2.457	22.339	22.339
To have it an investment.	1.587	14.430	51.945	2.154	19.582	41.920
To provide education facility for children.	1.036	9.421	61.367	2.139	19.446	61.367
To plan for	0.782	7.109	68.475			

daughter's wedding.						
To take decision for any property purchase.	0.726	6.601	75.076			
To have better retirement benefit.	0.602	5.474	80.550			
Planning for medical treatment.	0.570	5.179	85.729			
Vehicle insurance for safety.	0.485	4.409	90.138			
Third party insurance for the safety of related persons.	0.439	3.991	94.129			
Taking travel insurance for business purpose.	0.378	3.441	97.569			
Giving protection against fire for house and business.	0.267	2.431	100.0			

**Variable Loadings Factors of Determining the Purchase of Private Insurance Policy**

Variables	Component		
	1	2	3
<b>Factor I DEPENDABILITY CONCEPT</b>			
To take decision for any property purchase			
To plan for daughter's wedding	0.715		
In order to maintain existing life style	0.701		
To provide education facility of children	0.610		

<b>Factor II ASSERTIVE CONCEPT</b>			
Taking travel insurance for business purpose			
Giving protection against fire for house and business		0.714	
Third party insurance for the safety of related persons		0.662	
<b>Factor III DEFENCE CONCEPT</b>			
To have it an investment			0.715
To have better retirement benefit			0.640
Planning for medical treatment			0.574
Vehicle insurance for safety			0.551

Tables show that with the range of communalities of ELEVEN variables ranging from 0.503 to 0.725, KMO measures of Sampling adequacy value of 0.834 and chi-square value of 1,759.67 at d.f 55 with P value of 0.000 in Bartlett’s Test of Sphericity, the factor analysis is applicable for factorization of features of private insurance company’s variables.

Three factors have been extracted and they explain 61.367 % of the variance among the ELEVEN variables of purchase decision in Private Insurance Company’s policy.

- The first factor I with the explained variance of 22.339% has FOUR special aspects such as decision for property purchase, plan for daughter’s marriage, to maintain existing life style, and to provide educational facility for their children and it has been named as “DEPENDABILITY CONCEPT” factor.
- The next factor II with explained variance of 19.582% has three variables like taking travel insurance, protection against fire for house and business, third party insurance, has been labelled as “ASSERTIVE CONCEPT” factor.

- Finally the last factor III with explained variance of 19.446 % has four variables such as investment, better retirement benefit, planning for medical treatment, vehicle insurance for safety is named as “DEFENCE CONCEPT” factor.
- All the ELEVEN aspects have been reduced to THREE factors such as “DEPENDABILITY CONCEPT, ASSERTIVE CONCEPT, and DEFENCE CONCEPT”

**To examine the influence of private insurance companies service expectation & satisfaction and features on private insurance policy purchase decision**

The Multiple Regression Analysis has been applied to study the influence of service expectation and satisfaction; special features on the total re-purchase decision. The dependent variable is total re-purchase decision and independent variables are the features of Private Insurance Companies and their service expectation and satisfaction. The results are shown in tables 4.56 to 4.58.

**Multiple Regression Result of Purchase Decision**

<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimates</b>
0.593	0.351	0.345	3.97728

**Analysis of Variance of Influence on the Purchase Decision Of Private Insurance Policies**

Sources of Variance	Sum of Squares	df	Mean Square	F	P- Value
Regression	4229.270	5	845.854	53.471	0.000
Residual	7841.480	494	15.819		
Total	12043.750	499			

Influencing Variables	Unstandardized Coefficients		Standardized Coefficients	t-Value	P-Value
	B	Std. Error	Beta		
	(Constant)	13.726	2.044		
Assertive Factor	0.931	0.096	0.367	9.702	0.000
Imperative Factor	0.269	0.081	0.156	3.327	0.001
Supportive Factor	0.612	0.143	0.177	4.271	0.000
Dependability Factor	0.479	0.102	0.212	4.713	0.000
Benefit Factor	-0.237	0.096	-0.101	-2.457	0.014

Tables reveal that the re-purchase decision is purely based on the service provision and the special features of the Private Insurance Companies.

The independent variable is having significant positive influence on the re-purchase decision. With R-value of 0.593, R square value of 0.351 and F value of 53.471 at p value of 0.000 the Private Insurance expectations (E) and Private Insurance features (F) have significant positive influence on Private Insurance Purchase (P)

- With reference to the personal characteristics of the respondents, it is observed that majority of the policy holders are male, nearly 60.80% of the respondents are male and only 39.20% are female respondents.
- Nearly 36.60% of the respondents are in the age group 41-50 years 10.80% respondents are above 51 years. It can be seen that nearly 89% of the policy holders are below the age group of 50 years.
- Regarding the educational qualification, 57% of the policy holders are post graduate holders, followed by 21.20% graduates and 16% of the policy holders are professionally qualified.
- As regards occupation nearly 70.80% of the policy holders are working Private Companies, where as 11.60% from Government and balance 17.60% are self employed and working in other areas. It can be seen that only the Private Company Policy holders are having faith in the Private Insurance Company investment than the Government Employees.
- The main components that are taken into consideration to analyse the repurchase decisions are the special features of Private Insurance Companies, favourable attitudes of the customers towards Private Insurance Companies, various factors which influenced the purchasing the Private Insurance Policies, and the reasons for choosing the same Private Insurance Companies for investment.
- Nine special features of the Private Insurance Company are grouped into two factors such as “Imperative Concept” and “Assertive Concept. Two factors have been extracted and they explain 51.556% of the variance in the nine special features.
- The most dominant Imperative Concept has six special features such as addressing feedback from customers, quick delivery system, wide range of choice, easy



procedure for loan, surrender of policy, high quality of service growth based on company size and operation with the variance of 29.316%.

- Assertive Concept has three special features such as product advice, simple payment, and post purchase service with the variance of 22.240%.
- The eleven purchase decision aspects are reduced to three factors such as Dependability Concept, Assertive Concept and Defence Concept with the extraction of 61.367%.
- Certain factors like daughters marriage, to maintain existing life style, property purchase, as an investment, education facility is having much importance for investment purpose.

## **SUGGESTION**

- The study reveals the service expectations of the Private Insurance Company policy holders are higher than the service provisions by the Insurance Company, hence it is the duty of the Private Insurance Companies to take remedial action to rectify the gap between the service expectation and service provision.
- The respondents are not influenced by agents. Private Insurance Companies can use the agency approach, at the same time the companies should have the direct control over agents in order to avoid future problems.
- The customers expect the regular income and regular agency services. The insurance agents should give the clear picture about the product features and all the information related to the products in order to boost the image of the Company in the minds of the customers.

- Re-purchase decision of the policy holders are purely based on their favourable attitude towards the Insurance Company, hence to boost the company image excellent pre and post purchase services can be provided.
- Customers are not fully aware about the grievance redressal procedures. It is the duty of the every Private Insurance Company to create awareness of the grievance redressal procedure which would give confidence among the society for investment in the Private Insurance Companies.
- The solvency margin gives the assurance to the policy holders to have confidence about their investment. The Private Insurance Company should try to maintain the solvency margin at stable condition.
- Private Insurance Companies are reducing the number of offices in order to reduce their operating expenses. At the same time the company should arrange alternative method of appointing the agents in that area to retain the existing customers and to acquire new customers.

## CONCLUSION

Liberalization of our economy paved the way for the Private Insurance Companies. The business of the Private Insurance Sector is changing fast due to the heavy competition in the market. The market leader in insurance sector is LIC which is a Public Sector undertaking has got a special place in the minds of the customers. Private Insurance Companies can change it by providing good services by satisfying the customers.

The study has made an attempt to know about the customer perception of Private Insurance Companies based on its features, favourable attitudes, and purchase decision. It can be said that the customers are able to identify the Private Insurance

Companies only because of their reputation. Within the short period of time the Private Insurance Companies are able to capture the mind of the customers, which shows that through the consolidated strength they can capture the future market.

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