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Customer Preference and Customer Satisfaction of Health Insurance Companies: A Case Study of Bathinda District



Baljinder Singh

Assistant Professor,
Dept. of Commerce,
Punjabi University,
T.P.D. Malwa College,
Rampura Phul, Punjab, India



Neenu Bala

Assistant Professor,
Dept. of Commerce,
Punjabi University,
T.P.D. Malwa College,
Rampura Phul, Punjab, India

Abstract

With increased competition in insurance sector, service has become a key issue. People today don't want to accept the current value propositions, they want personalized interactions and they look for more and more features and add ones and better service. This study investigates the customer preferences and impact of service quality on customer satisfaction of health insurance companies in Bathinda district. Research is based on both primary and secondary data. The study is based on SERVQUAL model. In this study five factors are taken to measure the service quality for customer satisfaction i.e. Tangibility, Assurance, Reliability, Responsiveness, and Empathy. The result of the study shows that companies can increase customer preference with help of better education and strong advertisement and companies have to give some more consideration on service quality so that it will increase customer satisfaction.

Keywords: Service Quality, Customer Satisfaction, Health Insurance.

Introduction

Service sector is the fastest growing sector in India and is projected to have high growth in future. A major contributor among huge service sector is insurance sector which plays role in enhancing financial intermediation, creating liquidity and mobilizing saving in the country. Health insurance service is the most demanding service in recent year in India provided by the insurance companies. Health insurance is an insurance that covers the whole or a part of the risk of a person incurring medical expenses, spreading the risk over a large number of persons. With the growth in health insurance industry in India, the focus of insurance companies is on enhancing customer satisfaction through improved service quality.

With increased awareness level, the consumer demands higher standard of services and insurance sector is getting more and more competitive. Service quality can be concisely defined as the personal experience with the service provider. Service quality is playing an increasingly important role in present environment where there is no further scope of the companies to differentiate themselves other than the quality of service provided by them. Delivering superior service quality than the competitors is the key for the success of any organisation. But, companies faces number of difficulties in measuring the quality of service offered to the customers. Because unlike measuring the quality of goods, the measuring the quality of services offered by the companies is difficult due to the three unique features of services i.e. intangibility, heterogeneity, and inseparability. Hence the only way of measuring the quality of services offered by the service provider is the measurement of the customer's perception of the quality of service they experiencing from their service provider.

Need of the Study

Today, People are more conscious about health problems and other side environment degradation gives rise to many diseases which increase the expenditure of people and create more risk for their life. So, a health insurance becomes a major issue for the life of people. They want a good insurance policy in which they feel secure and also get rid of above issues.

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With increased level of competition, people also aware about the quality of services provided by health insurance companies. This study helps the health insurance companies to improve their service quality for customer satisfaction and customer loyalty.

Objective of the Study

The study is conducted to fulfil the following objectives:

1. To study which type of customers are invested in health insurance companies.
2. To measure various dimensions of service quality on customer satisfaction.

Review of Literature

Boshoff and Mels (1995) studied the contribution of supervisory behaviours to an environment conducive to superior job performance. They hypothesized that supervision and role stress influence the internal service quality of an insurance sales force through their impact on organizational commitment as an intervening variable. Their results suggested that the organizational commitment of insurance salespeople exerts a strong, positive influence on their internal service quality, and that organizational commitment is positively influenced by participation in decision making and negatively influenced by role conflict. The study suggested that the management of an insurance salesforce can enhance internal service quality by creating a working environment where employees identify with the goals, objectives and values of their organization

Al Khattab and Aldehayyat (2011) measuring hotels' service quality performance from customer perspective in Jordan on the basis of 5 dimensions: Tangibles, Reliability, Responsiveness, Assurance and Empathy. They concluded that hotel customers are expecting more improved services from the hotels in all service quality dimensions. They have the lowest perception scores on empathy and tangibles.

Kamal Ahmad Al qudah, et al.(2013) analysed the impact of service quality on customer satisfaction of Jordan insurance companies on the basis of seven dimensions of service quality Competence, Credibility, Reliability, Responsiveness, Assurance, Tangibles, Communication. The study indicates that there was a statistically significant link between seven dimensions service quality and customer satisfaction. Companies could make Commitment by the offers provided to the customers, so that the advertised offers should match the reality.

Aggarwal, et al. (2013), examined the recent innovations in health insurance sector. They identified the future areas for innovation in health insurance sector and associated challenges and complex issues involving health insurance.

Singh Shamsher, et al. (2014) has conducted a study on customer perception towards service quality of Life insurance companies in Delhi NCR Region. The main objective of the study was to find out the factors that affect the service quality of life insurance provider. In this study, they concluded that five factors of service quality Responsiveness, Assurance, Convenience, Tangibility and Empathy has direct impact on Life insurance customers.

Priyanka Anjor, et al. (2014) has conducted a study on Service Quality Assessment. The main objectives of this study the major factors of service quality that leads to customer satisfaction in life insurance sector. They conclude that the expectation was higher than perception in terms of service quality in Insurance sector.

Abaidoo (2015) aimed at identifying the customer satisfaction strategies in insurance industry for a successful implementation of business. The result of the study shows that strategic importance of customer satisfaction to a business firm's growth largely depended on the satisfaction of the customers.

Hussen (2015) investigated the level of satisfaction and loyalty of the policyholder towards insurance companies. The result of the study shows that customer satisfaction level through the application of two different customer satisfaction tools such as SERVQUAL and overall customer satisfaction models.

Arun Vijay and V.Krishnaveni (2018) have conducted a study on policy holders' satisfaction of Health Insurance with special reference to Ernakulam District, Kerala. The main objective of the study was to find out the policyholders' satisfaction with regard to private and public limited insurers. They concluded that policyholders who availed health insurance policies from private limited companies are more satisfied than those who are insured with public limited companies.

Research Methodology

The study is based on both primary and secondary data. For primary data, initially a sample of 100 persons of 10 health insurance companies of Bathinda district has been settled; out of 100 persons 5 persons have not any health insurance policy. So, finally 95 persons are taken for the study. The total period of the study is four months from august 2019 to November 2019. Questionnaire is prepared and divided into two sections. In the first part, information related to different socioeconomic and demographic criteria like age, gender, education qualification, marital status, occupation and income is collected. In second part, respondents are asked to evaluate parameters on service quality relevant to health insurance industry through the application of SERVQUAL model. According to the SERVQUAL model customer satisfaction is treated with the service quality offered. The dimensions of service quality are tangibility, assurance, reliability, responsiveness, empathy. Respondents were asked to rate each statement on the basis of Likert scale of 1 to 5 (1= strongly agreed, 5= strongly disagreed). Secondary data has been collected from various online journals and research papers and past studies on insurance sector.

Results and Discussion

As per our first objective, to study that what type of customers invested in health insurance companies. According to Age wise analysis the result of the study in table no. 1 shows that majority of respondents are from age group 30-40 (42%) and 40-50 (29%) invested in health insurance companies as compared to 20-30 (13%) and above 50 are (16%)

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which reveals that people of age group above 30 are more conscious towards their health issues and families. In Gender wise analysis, the result indicates that male person (73%) is more invested in health insurance companies in comparison to female (27%). It shows that in Indian family system the more responsibility of family expenditure at the male persons in comparison to female.

Table 1: Demographic Table

Demographics	No. of Customers	Percentage
Age		
20-30	12	13
30-40	40	42
40-50	28	29
Above 50	15	16
Gender		
Male	69	73
Female	26	27
Education		
Primary	12	13
Secondary	18	19
Graduate	35	37
Post graduate	30	32
Marital status		
Married	75	79
Unmarried	20	21
Occupation		
Business	45	47
Service	30	32
Other	20	21
Income (Monthly)		
Below 20000	20	21
20000-40000	30	32
40000-60000	35	37
above 60000	10	11

Education wise analysis shows more of the persons are graduate (37%) and post graduate (32%) as compared to primary (13%) and secondary education (18%). It reveals that a highly educated person is more aware about health issues than a low educated or uneducated person. As per marital status 79% persons are married and 21% are unmarried, which shows that after marriage people more worried about the health issues of family. In Occupation wise analysis 47% are related to Business class and 32% are related to service class and 21% are related to other profession. It shows that in bathinda district most of the people are related with business class which are educated and are more aware with health issues. According to Income wise analysis 37% of the respondents has monthly income 40000-60000, 32% have income 20000-40000, and 21% have below 20000 and 11% are above 60000. It shows that medium income people are more interested in taking a health insurance policy because they have sufficient resources to get a policy for securing their future but low income people have not sufficient resources they only fulfil their basic needs with limited income. Besides high income people are less worried about the expenditure on health problems.

As per our second objective, to measure various dimensions of service quality on customer satisfaction table no.2 is prepared based on the views of the respondents. Mean and Standard deviation of all variables are found out. The desired satisfaction level is up to mean 2 is considered best.

Table 2 Descriptive Table

Variables	MEAN	S.D.
TANGIBILITY		
TA1 The provision of visually attractive offices, equipment, written material.	1.63	0.544
TA2 The appearance of staff, agents, employees neat and professional.	1.79	0.596
ASSURANCE		
AS1 Employees make customer feel safe and secure in their transactions.	2.15	0.984
AS2 The behaviour of employees appropriate and instilling confidence in customer.	2.28	0.777
AS3 Employees use required skill and knowledge to answer questions of customer.	2.16	0.772
RELIABILITY		
RL1 Insurance company providing promised services as per the set schedule.	2.47	1.141
RL2 Ability of the company to perform services right the first time.	2.21	1.104
RL3 Giving caring and individual attention to customers.	2.38	1.018
RL4 Agents and employees understand the specific needs of their customers.	2.11	0.978
RESPONSIVENESS		
RS1 Providing prompt services to customers.	2.61	1.217
RS2 Willingness to help customers and readiness to respond to customer's request.	2.15	0.794
RS3 Employees communicate clearly with the customers.	1.61	0.654
EMPATHY		
EM1 Company's operating hours convenient to all customers.	1.74	0.920
EM2 Company apologizes for inconvenience caused to customers.	1.84	0.715

The above table reveals the following:

Tangibility

An organisation's physical environment are part of tangible dimensions which might cover for various kind of facilities, equipment and material for

communication. Factor includes the tangible material recourses of insurance companies such as office building, its layout, print material, its staff members etc. In this factor the mean is 1.63 and 1.79 which shows that almost all customers are satisfied and

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level of standard deviation indicates that there is less variability in the views of customers.

Assurance

The employees of the company are viewed to be skilled workers that awaken the confidence and trust during rendering of service. The mean is ranges from 2.15 to 2.28 which indicate that some customers do not satisfied at this point because standard deviation is high which shows more variability in the views of the customers.

Reliability

Reliability is a key driver for overall service quality which relates to an organisation's capability in executing the service as promised in an accurate and dependable manner. The mean is ranges from 2.11 to 2.47 which conclude that most of the customers are not satisfied the quality of the service. The level of standard deviation indicates the high variability in the views of the customers.

Responsiveness

The customers expect a fast and high quality service from the company. The company should response the customer quickly to feeling customer valuable. The mean is ranges from 1.61 to 2.61 which show a high difference in the dimensions of this factor which reveals that people are satisfied in some qualities of insurance companies but moreover they are not fully satisfied from this quality factor. The level of standard deviation indicated the variability in the views of the customers.

Empathy

Company makes special efforts for feel customer good and satisfied. How company improve their relation with customers by extra efforts. The mean is 1.74 and 1.84 which shows that customers are in favour of this quality of the insurance companies and the level of standard deviation shows less variability in the views of the customers.

Conclusion

It is concluded that people are less aware about the benefit gained from a health insurance policy. Only highly educated persons are invested in health insurance companies because they aware about the advantages of a health insurance policy. Better education and strong advertisement can awake the people about the effectiveness of health insurance. There is a great impact of service quality on customer satisfaction. In case of service quality variables tangibility and Empathy people show more satisfied but in case of Assurance, Reliability and Responsiveness people shows less satisfied. Hence, it is suggested that health insurance companies can gain better customer satisfaction and customer loyalty by improving their some service quality and change the customer perception.

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