CUSTOMER SATISFACTION REGARDING INSURANCE SERVICES-A CASE STUDY OF MISHRA & MISHRA INSURANCE AGENCY

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ABSTRACT

The paper comprises of various factors, which are important for determining the level of satisfaction for the customers of Mishra & Mishra Insurance Agency. Services with which customers are not satisfied, if any, are analyzed and how to improve upon the services are suggested to the Insurance Agency. The report also analyzed the present expectations of the customers and suggested ways to be competitive in the market. Analysis of expectations of the customers about the services, which insurance agencies provide, not only helps Insurance Agencies to retain existing customers but also to increase the customer base. The paper also presents suggestion from customers such as client-centric by agents, periodic feedback system, keeping clients informed about new policies etc. This tells us about how a customer prefers a particular insurance service-providing agency to other. Sectors of customers who are satisfied with the existing services are also provided and which sector wants some improvisations in services provided to existing customers by Insurance Agent. The recommendation has also been given to the Mishra & Mishra Insurance Agency about how to increase customer base and how to maintain customers loyal to them.

Keywords: Customers, Insurance Agency, Policies, Premium, Services.

Introduction:

This market research was conducted for Mishra & Mishra, a father-and-son insurance agency in New Delhi. Due to the new competitors in insurance sector, the agency was concerned with improving its services. The main objective of this research was to assess whether customers were dissatisfied with the current services and, if so, what was the nature of this dissatisfaction.

A business cannot be imagined without customer because customer is the life of a business. Therefore, it is really an important element to deal with a great care, otherwise failure in this challenging task can bring disaster, which destroys the existence of an insurance agency. Success in business is related to customer satisfaction, so business success is proportional to customer satisfaction. When the business is much more challenging and competitive, companies benefit is relatively higher from customer satisfaction.

Most of the companies are shifting from product oriented to service oriented to make their customers satisfied. Companies are paying their attention on customers' needs and desires to ensure better services to keep customers with them. Therefore, nowadays companies are much more concerned about customers' expectations and what they are providing to customers.

Basic Terminologies:

1) Insurance: It is the equitable transfer of the risk of a loss, from one entity to another in exchange for payment. It is a form of risk management primarily used to hedge against the risk of a contingent, uncertain loss.

2) **Insurer:** It is also known as Insurance carrier. It is a company selling the insurance

3) **Insured:** Also known as policyholder. It refers to the person or entity buying the insurance policy.

4) **Premium: T**he amount of money to be charged for a certain amount of insurance coverage.

5) **Cover:** Another word for insurance, it also refers to the amount of insurance

6) **Insurance Policy:** The insured receives a contract, called the insurance policy, which details the conditions and circumstances under which the insured would be financially compensated

7) **Claim**: A demand made by the insured, or the insured's beneficiary, for payment of the benefits as provided by the policy.

8) **Coverage**: The scope of protection provided under an insurance policy. In property insurance, coverage lists perils insured against, properties covered, locations covered, individuals insured, and the limits of indemnification. In life insurance, living and death benefits are listed

9) **Agent:** Individual who sells and services insurance policies in either of two classifications:
   a. Independent agent represents at least two insurance companies and (at least in theory) services clients by searching the market for the most advantageous price for the most coverage. The agent's commission is a percentage of each premium paid and includes a fee for servicing the insured's policy.
   b. Direct or career agent represents only one company and sells only its policies. This agent is paid on a commission basis in much the same manner as the independent agent.

10) **Adjuster**: A representative of the insurer who seeks to determine the extent of the insurer's liability for loss when a claim is submitted

9) **Actuary**: A specialist in the mathematics of insurance who calculates rates, reserves, dividends and other statistics

Review of Literature:

Kapur Saranya (2013) has studied that there is a clear difference in consumer satisfaction depending on the type of life insurance product queried. The lowest level of consumer satisfaction was for single premium and limited pay life insurance. Term insurance, universal life, and whole life insurance have the highest levels of consumer satisfaction, in that order. The overall satisfaction with life insurance was higher than expected and resulted in an above average satisfaction benchmark in almost all areas. The main benefit of this research is the future value of the benchmarks. As variables change, future

researchers will be able to compare consumer satisfaction with the benchmarks established herein. Moreover, researchers can compare future consumer satisfaction to present benchmarks and attempt to determine which variables cause changes in consumer satisfaction. David T. Russell (2013) has analyzed the life insurance policy holder surrender activity to determine whether policy surrender is a function of certain macroeconomic variables and, therefore, highly correlated across all policies. Increases in the volatility of interest rates and other financial markets highlight the importance of insurer cash flows and their relation to the economy. Results indicate that life insurance policy surrender activity is significantly related to interest rates (positively) and to state income levels and interest rate spreads (negatively). We also provide evidence of policy replacement activity. The findings provide some support for the Emergency Fund Hypothesis (EFH), and support for the Interest Rate Hypothesis (IRH) and the Policy Replacement Hypothesis (PRH).   Leslie Scism (2010) has revealed that life insurers haven't changed their general underwriting approach for decades, relying heavily on medical screening. The industry is grappling with how to get policies into the hands of middle-class families more cost-effectively. Sales of life policies to individuals are down 45% since the mid-1980s. Deloitte says insurers could save $125 per applicant by eliminating many conventional medical requirements. Under Deloitte's predictive model, the cost to achieve similar results would be $5.   The total underwriting costs for a policy range from $250 to $1,000.

Objective of Research:

The main objective of this paper is to analyze the level of satisfaction level among M & M customers and suggest ways of improving existing satisfaction level.

Limitation:

- ***Boundaries of the research***
Restricted sampling frame i.e. convenient sampling which is non-probabilistic technique. In this case, non-sampling errors are less but it carries the risk of homogeneous sample.

- ***Shortcomings of the research – resource and time constraints***
Inadequate knowledge about some basic terminologies used in the field of insurance agency. Shortcomings in terms of Area covered, Time span and Cost factor. Use of less effective survey technique i.e. online survey rather than face-to-face survey

Method of Data Collection:

The research was descriptive analysis of customer satisfaction on services provided by M & M insurance agency. Data collected was through online questionnaires.
Set of factors were analyzed which were necessary to generate the data for accomplishing a research project's objectives. Based on the factors questions were framed which was focused on collecting the required responses.
Before floating the questionnaire to customers, a test of questionnaire was carried out wherein the questionnaire was floated to a limited number of potential respondents and other individuals capable of pointing out design flaws.
The final questionnaire was distributed to 120 customers, which was analyzed by SPSS software.
Interpretation of output of the SPSS output sheet was done with the help of books in marketing.

Experimentation and Data Analysis:

This section deals with the findings of the survey which was conducted on a sample size of around 100 respondents. A total of 4 hypotheses were derived from the questionnaire and were accepted or rejected according to the test results.

Theory 1:

H0-There is no significant relation between consulting a broker and getting insured.
H1-There is a significant relation between consulting a broker and getting insured.
Type of test conducted: Chi Square test

The questionnaire had a set dichotomous (yes/no) questions which directly asked if the respondents had consulted an insurance broker before and if they were insured. **Table 1** shows the responses given by the respondents in cross-tabulation form while **Table2** shows the **Chi-Square** result of the data.

Table 1

Have respondent ever consulted agent/broker * is respondent insured Cross tabulation					
			Respondent Insured	**Respondent Not Insured**	**Total**
Have respondent ever consulted agent/broker	Yes	Count	85	13	98
		Expected Count	72.7	25.3	98.0
		% within Have respondent ever consulted agent/broker	86.7%	13.3%	100%
	No	Count	4	18	22
		Expected Count	16.3	5.7	22.0
		% within Have respondent ever consulted agent/broker	18.2%	81.8%	100%
Total		Count	89	31	120
		Expected Count	89.0	31.0	120.0
		% within Have respondent ever consulted agent/broker	74.2%	25.8%	100%

Table 2

Symmetric Measures				
			Value	**Approx. Sig.**
Nominal by Nominal		Phi	.606	.000
		Cramer's v	.606	.000
		Contingency Coefficient	.518	.000
N of Valid Classes			120	
a. Not assuming the null hypothesis				
b. Using the asymptotic standard error assuming the null hypothesis				

Result:

As we see that Phi value is more towards 1, we are rejecting the null hypothesis. That is, there is a significant relationship between consulting an insurance broker and getting insured.

Theory 2:

H0- There is no significant difference between the satisfaction level of males and female.
H1-There is a significant difference between the satisfaction level of males and females.
Type of test used: T-Test.

Here a set of questions asked the gender of the respondents as well as the satisfaction level with services provided by their insurance agency. Table3 shows the statistical information and table 4 shows the independent samples t-test on the samples.

Table 3

Group Statistics					
Gender of Respondent		**N**	**Mean**	**Std. Deviation**	**Std. Error Mean**
Overall satisfaction level	Male	76	3.6447	.79505	.09120
	Female	22	3.2273	.97257	.20735

Table 4

Independent Sample Test										
		L Test for Equity of Variances		**T-test for Equity of Means**						
		F	**Sig.**	**t**	**df**	**Sig.(2-tailed)**	**Mean Difference**	**Std. Error Difference**	**95% Confidence Interval of the Difference**	
									Lower	**Upper**
Overall Satisfaction level	Equal variances assured	.906	.344	2.060	96	.042	.41746	.20266	.01518	.81975
	Equal variances not assured			1.843	29.600	.075	.41746	.22652	-.04542	.88035

The significance level on under the 'Equality of variance' section is greater than α for 95% confidence level. Hence we would assume values with equal variance.

Result:

Since p<.05, hence we reject the null hypothesis. Hence, there is a significant difference between satisfaction level of males and females.

Theory 3:

H0-There is no significant difference between satisfaction level among different professions.
H1-There is a significant difference between satisfaction level among different professions.
Type of test used: ANOVA
For this hypothesis, we are comparing the overall satisfaction level with different professions for a confidence interval of 95%. Table5 describes the list of independent variables for overall satisfaction level (dependent variable). Table 6 shows the ANOVA result.

Table 5

Descriptive								
Overall satisfaction level								
	N	**Mean**	**Std. Deviation**	**Std. error**	**95% Confidence Interval for Mean**		**Minimum**	**Maximum**
					Lower Bound	**Upper Bound**		
Student	31	3.5806	.76482	.13737	3.3001	3.8612	1.00	5.00
Businessman	15	3.4000	1.05560	.27255	2.8154	3.9846	1.00	5.00
Government Servant	24	3.7083	.80645	.16462	3.3678	4.0489	1.00	5.00
Private Job	28	3.4643	.88117	.16652	3.1226	3.8060	2.00	5.00
Total	**98**	**3.5510**	**.85098**	**.08596**	**3.3804**	**3.7216**	**1.00**	**5.00**

Table 6

ANOVA					
Overall satisfaction level					
	Sum of squares	df	Mean Square	F	Sig.
Between Groups	1.174	3	.391	.533	.661
Within Groups	69.071	94	.735		
Total	**70.245**	**97**			

Result:

Here we see that the significance value (P value) is greater than α value at 95% confidence level (P>.05). Hence we can accept the null hypothesis and conclude that there is no significant difference between satisfaction levels of different professions.

Theory 4:
Factor Analysis:

A total of 13 factors are considered to find out the most important factors and Eigen values are found out for each component.

Table 7

Total Variance Explained						
	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %
1	6.609	50.842	50.842	6.609	50.842	50.842
2	1.228	9.450	60.291	1.228	9.450	60.291
3	.865	6.651	66.942			
4	.765	5.887	72.829			
5	.631	4.857	77.686			
6	.598	4.599	82.286			
7	.535	4.115	86.400			
8	.414	3.187	89.587			
9	.337	2.596	92.183			
10	.288	2.216	94.399			
11	.266	2.043	96.441			
12	.232	1.788	98.229			
13	.230	1.771	100.000			
Extraction Method: Principal Component Analysis						

Table 8

Component Matrix		
	Component	
	1	2
Broker Appearance	.259	.863
Modern Equipment	.613	.504
Fame and Validity	.613	.031
Trust on Broker	.755	-.146
Reaching complaints and improving services	.807	-.165

Component Matrix		
	Component	
	1	**2**
First Time Right Service	.765	-.146
Awareness, Knowledge and Skill of Broker	.742	-.044
Friendly Behavior of Broker	.826	-.214
Lack of Risk and Doubt	.793	-.214
Ease of access to broker	.799	-.251
Broker Communication with the customer is understandable	.790	.003
Brokers presence in the industry	.674	.184
Brokerage Fees	.638	.119
Extraction Method: Principal Component Analysis		
a. 2 Components Extracted		

Result:

Two of factors have been extracted which have Eigen value greater 1.
Factor 1:- Credibility and Courteous Behavior
Factor 2:- Appearance

Findings and Conclusion:

1. Satisfaction levels do not depend on the profession of the clients. Clients working in different fields were asked to fill the questionnaire. After applying one way ANOVA test on the data, we came to know that there was no relationship between the customer satisfaction and the profession of the client. Here the professions were broadly classified into four groups namely student, businessman, government servant and the private job.

2. In research it is found that there is a significant difference between the satisfaction level of male and female. Out of the total respondents of 120, 98 have been consulting the insurance agency. Out of these 98, 76 were males and 22 were females. t- Test results show that there is significant difference between the satisfaction levels of the two. Male respondents were found to be considerably more satisfied than the female respondents.

3. Consulting with broker does effect client's insurance decision. Chi square test was applied to check whether there was any relationship between clients being approached by a broker and him/her being insured. The results show that there was a significant relationship between the two. It implies that if a client consults an insurance broker there is a significantly high probability that he/she will make a decision to get insured.

4. Clients expect reliable and credible service from their broker. Trust is something on which their relationship is based upon. The results of factor analysis show that reliability and credibility of a broker is one very important factor determining the satisfaction level of a clients. The more a client perceives his/her broker to be reliable/credible the more are the chances of he/she being satisfied by the services provided by the broker.

5. Around 60% of respondents expect brokers to contact them monthly or quarterly. The data Collected showed that 60% of the respondents want to be contacted regularly as frequent as once in a month or in a quarter. This gives them sense of security and helps in maintaining the satisfaction level of a client.

6. 40% want mode of communication to be Face to Face and 31% want it via Phone

Recommendations:

It is found that female clients are more dissatisfied so their representatives should be more courteous and generous in their approach. Dissatisfaction with agents is not a positive sign for companies because he is the vital link between customer and company. In the competitive market where product offerings are more or less same, the companies can excel only if they provide better services through well trained

agents. Thus proper training should be given to representatives to tackle clients especially females clients. They should have sound knowledge of the industry.

Brokers business is very much affected by its credibility and its reputation in the market. Hence agency should work on providing reliable and error free service. They should always try to provide the best policy according to their respective needs. Most of the people do not have full understanding of their policy. Firstly, the insurance contract is full of insurance jargon which is not understood by the laymen; and secondly agents do not give full details of the policy. Although steps have been taken to simplify the language of insurance contracts, it is suggested that agents should be strictly told to explain all the details of policies to clients.

Mode of communication should be kept Face to Face or via Phone. This improves the relationship between the two parties i.e. client and the broker and provides more personal touch to the conversation. Office Ambience should be good as it give good vibes to the client and attracts customers to sign up with the agency.   Frequency of communication should be Monthly or Quarterly. Contacting too frequently may irritate client and contacting seldom would lose the required personal contact.

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