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Assessment of Service Quality of IDBI Federal Life Insurance

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Abstract
Insurance plays a vital role in development of any economy. Indian insurance industry is highly competitive with innovative products from various national and international players. It is crucial for insurance companies to understand their service quality based on customer expectations and perceptions in order to serve the customers better and compete in the market. This study examines the service quality of IDBI Federal life insurance Company, one of the leading life insurance provider.

Keywords: Service quality, IDBI, SERVQUAL, Expectations, Perceptions

1. Introduction

India's economic growth and increased personal disposable income is expected to drive the Indian insurance industry to grow at US$ 280 billion by FY 2020. From insurance penetration of 2.71 per cent in 2001 it has reached 3.49 percent in FY17 (India Brand Equity Foundation, 2018). In India, the insurance sector is categorized into Life Insurance and Non-life/ General Insurance and both the insurances are governed by the IRDAI (Insurance Regulatory and Development Authority of India). The insurance industry comprises of 57 insurance companies in which 24 companies are into life insurance and 33 companies are into non-life insurance apart from it, there are two reinsurance companies (India Brand Equity Foundation, 2018). Due to introduction of many new and advanced products in insurance this industry has seen a major growth in last decade which led to tough competition (Acko General Insurance Limited, 2016).

Services are differentiated from Goods or manufactured products as services have four unique characteristics namely intangibility, inseparability, perishability and heterogeneity. Zeithaml, Parasuraman and Berry found five dimensions which are used by customers to evaluate services. SERVQUAL was the instrument developed by them and the five service quality dimensions are tangibles, reliability, responsiveness, assurance and empathy.

2. Need for the Study

Due to remarkable contribution to GDP, services have gained importance in Indian economy. Insurance industry has become highly competitive due to entry of new Indian and foreign players with innovative products. Customers now are highly demanding and their perceptions and expectations are continually changing which makes important for service providers to measure their service quality. It is crucial for the IDBI Federal life insurance, one of the India's leading private life insurance company (ET Online, 2018) to measure and manage their service quality to sustain the leading position in insurance industry. Allocating resources according to customer priorities enables enhancement of service operations. This study aims to assess the service quality of IDBI Federal Life Insurance which will enable to clearly identify the expectations and perceptions of customers with regard to services of IDBI Federal Life Insurance.

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3. Objectives of the Study

- To identify the customers perception towards service quality of IDBI Federal life insurance
- To identify the customers' expectations regarding service quality from life insurance companies
- To assess gaps between customer expectations and perceptions of services in IDBI Federal Life Insurance.
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4. Research Methodology

Descriptive study was undertaken and SERVQUAL questionnaire was used to collect Primary data from 110 samples through Convenience sampling method. Samples constitute customers of IDBI Federal Life Insurance in Coimbatore. Simple percentage analysis, Paired sample T Test, Weighted average method were used for analysis.

5. Analysis

Table 5.1. Gender distribution of respondents

Gender	Percentage
Male	55.5
Female	44.5
Total	100.0

From table 5.1 it can be inferred that majority (55.5%) of the respondents are male.

Table 5.2 Gaps in service quality – Tangibles

Tangibles	Perception	Expectation	Gap score	p value	Result
Modern looking equipment	3.86	4.21	-0.35	0.009	Reject
Physical facilities are visually appealing	4.18	3.59	0.59	.000	Reject
Employees are neat in appearance	3.4	3.82	-0.42	0.001	Reject
Materials visually appealing	3.71	3.69	0.02	0.845	Accept
Average	3.78	3.82	-0.16		

From the table 5.2 and its p values it is interpreted that, there is a significant difference between expectation and perception level of tangibles - Modern looking equipment. The perception value (3.86) is less than the expectation value (4.21).There is a significant difference between expectation and perception level of tangibles - physical facilities are visually appealing. The perception value (4.18) is greater than the expectation value (3.59). That is physical facilities of IDBI Federal are visually appealing to the respondents. There is a significant difference between expectation and perception level of tangibles – employees are neat in appearance. The perception value (3.40) is less than the expectation value (3.82). There is no significant difference between expectation and perception level of tangibles - Materials visually appealing. The perception value (3.71) is slightly greater than the expectation value (3.69).

Table 5.3 Gaps in service quality – Reliability

Reliability	Perception	Expectation	Gap score	p value	Result
Promise to do something by a certain time, it does so.	3.17	3.25	-0.08	.478	Accept
Have a problem, agent shows a sincere interest in solving it.	3.44	3.49	-0.05	.785	Accept
Performs the services right the first time	3.54	3.07	0.47	.000	Reject
Insists on error-free records.	3.19	3.60	-0.41	.006	Reject
Average	3.33	3.35	-0.02		

From the table 5.3 and its p values it is interpreted that, there is no significant difference between expectation and perception level of reliability - Promise to do something by a certain time, it does so. The perception value (3.17) is lesser than the expectation value (3.25). There is no significant difference between expectation and perception level of reliability - Have a problem, agent shows a sincere interest in solving it. The perception value (3.44) is lesser than the expectation value (3.49). There is a significant difference between expectation and perception level of reliability - Performs the services right the first time. The perception value (3.54) is greater than the expectation value (3.07). There is a significant difference between expectation and perception level of reliability - Insists on error-free records. The perception value (3.19) is lesser than the expectation value (3.60).

Table 5.4 Gaps in service quality – Responsiveness

Responsiveness	Perception	Expectation	Gap score	P value	Result
Employees tell me when services will be performed	3.25	3.63	-0.38	.014	Reject
Employees provide prompt services.	3.64	3.41	0.23	.149	Accept
Employees are always willing to help	3.45	3.59	-0.14	.372	Accept
Employees are never too busy to respond to request.	2.97	3.22	-0.25	.100	Accept
Average	3.32	3.46	-0.14		

From the table 5.4 and its p value it is interpreted that, there is a significant difference between expectation and perception level of responsiveness - Employees tell when services will be performed. The perception value (3.25) is lesser than the expectation value (3.63). There is no significant difference between expectation and perception level of responsiveness - Employees provide prompt services. The perception value (3.64) is greater than the expectation value (3.41). There is no significant difference between expectation and perception level of responsiveness

– Employees are always willing to help. The perception value (3.45) is lesser than the expectation value (3.59). There is no significant difference between expectation and perception level of responsiveness - Employees are never too busy to respond to request. The perception value (2.97) is lesser than the expectation value (3.22).

Table 5.5 Gaps in service quality – Assurance

Assurance	Perception	Expectation	Gap score	P value	Result
The behavior of employees instills confidence	3.34	3.79	-0.45	.000	Reject
I feel comfortable with transaction	3.53	3.10	0.43	.011	Reject
Employees consistently courteous towards me	3.56	3.66	-0.10	.474	Accept
Employees have knowledge to answer question	3.17	3.75	-0.58	.001	Reject
Average	3.40	3.57	-0.17		

From the table 5.4 and its p value it is interpreted that there is significant difference between expectation and perception level of assurance - The behavior of employees instills confidence. The perception value (3.34) is lesser than the expectation value (3.79). There is a significant difference between expectation and perception level of assurance - Feel comfortable with transaction. The perception value (3.53) is greater than the expectation value (3.10). There is no significant difference between expectation and perception level of assurance - Employees are consistently courteous towards me. The perception value (3.56) is lesser than the expectation value (3.66). There is a significant difference between expectation and perception level of assurance - Employees have knowledge to answer question. The perception value (3.17) is lesser than the expectation value (3.75).

Table 5.5 Gaps in service quality – Empathy

Empathy	Perception	Expectation	Gap score	P value	Result
Service agent gives me attention	4.00	3.49	0.51	.000	Reject
Operating hours convenient to me	3.15	3.30	-0.15	.366	Accept
Employees who give me personal attention	3.25	3.58	-0.33	.031	Reject
Service dealer has my best interest in heart	3.87	3.30	0.57	.000	Reject
The employees understand my specific needs	3.39	4.18	-0.79	.000	Reject
Average	3.53	3.57	-0.04		

From the table 5.5 and its p value it is interpreted that there is a significant difference between expectation and perception level of empathy - Service agent gives attention. The perception value (4.00) is greater than the expectation value (3.49). There is no significant difference between expectation and perception level of empathy - Operating hours convenient. The perception value (3.15) is lesser than the expectation value (3.30). There is a significant difference between expectation and perception level of empathy - Employees who give personal attention. The perception value (3.25) is lesser than the expectation value (3.58). There is a significant difference between expectation and perception level of empathy - Service dealer has best interest in heart. The perception value (3.87) is greater than the expectation value (3.30). There is a significant difference between expectation and perception level of empathy - The employees understand specific needs. The perception value (3.39) is lesser than the expectation value (4.18).

Table 5.6 Weighted Service QualityScore

Dimension	Scores (A)	Importance Weights (B)	Weighted Score (A*B)
Tangibles	-0.04	19.15	-0.766
Reliability	-0.02	19.95	-0.399
Responsiveness	-0.14	20.86	-2.920
Assurance	-0.17	19.54	-3.321
Empathy	-0.04	20.50	-0.820
		TOTAL	-8.226
	WEIGHTED SERVQUAL		-8.226

From the table 5.6 it can be inferred that the actual weighted service quality score of IDBI Federal Life Insurance is in negative (-8.226).

Discussion
There is a service quality gap in all dimensions of IDBI Federal Life Insurance. To reduce the gap in tangibles, IDBI Federal life insurance should focus on having modern looking equipment, visually appealing materials and ensure that its employees are neat in appearance. To reduce the gap in reliability, it should focus on delivering services on promised time; agents should show sincere interest in solving problems and insists on error-free record. To reduce the gap in responsiveness, it should focus on ensuring employees to inform when services will be performed, employees should be willing to help and should never be too busy to respond to request. To reduce the gap in assurance, it should provide training to employees to ensure that the behavior of their employees instills confidence, and are consistently courteous and knowledge to answer the question. To reduce the gap in empathy, it should focus on having operating agent who pays attention and employee giving personal attention and ensure that their employees understand the specific needs of customers.

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