



## Service Quality Assessment in Insurance Sector: A Comparative Study between Urban and Rural Policyholders of Life Insurance Corporation of India

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### Abstract

Life insurance companies in India are consequently directing their approach towards increasing customer satisfaction and loyalty through improved service quality. The service quality has become an extremely instrumental co-efficient in the highly competitive marketing. For survival and to be successful in today's competitive environment, delivering quality service is of paramount importance for any economic enterprise. The underlying model of SERVQUAL (Parasuraman et al., 1988) with five dimensions – Tangibility, Reliability, Responsiveness, Assurance and Empathy is used to evaluate the impact of service quality on customer satisfaction. The current paper is an attempt towards measuring the gaps between expectation of policyholders and services as perceived by them from their respective insuring companies. The primary research was conducted through a market survey consisting of 600 respondents from urban and rural areas of Coimbatore district in Tamilnadu. It is inferred from the rural respondents' point of view that in order to reap the benefits from satisfied customers, the LIC should give due importance to rural segment by bringing down the gaps between customer's expectation and the actual service perception, in the order of tangibility, responsiveness, reliability, assurance and empathy. Comparatively, lesser gap is reported for the dimensions namely assurance and responsiveness. Employee's knowledge and competence to solve customers' problem and employees' experience in diagnosing or solving customer's problem were the two highlighting areas under assurance dimension which positioned in the minds of the policyholders.

**Keywords:** Service quality, Life insurance, Perception, Expectation, Satisfaction.

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## **I. Introduction**

The quality of the service is a pre-requisite for financial institution like Life Insurance Corporation of India in order to enhance its market performance and subsequently the economic performance. The companies that offer the best technologies and great quality in every service and that have trained and motivated its employees in order to provide an efficient service are creating adequate framework for the success of a relationship marketing orientation. In the huge service sector, insurance sector is one of the most important entities which has been growing relatively fast in India. LIC holds largest number of policies in India 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 significant component of competitiveness for Life Insurance Corporation of India.

## **II. Literature Review**

Valarie A. Zeithaml et al., (1985) conducted a study on "Problems and strategies in Service Marketing", the important differences exist among service firms, not just between service firms and goods firms. The service marketing literature corresponds more closely with the practices and strategies used by sample firms than with the problems they face.

Parasuraman A. Valarie et al., (1988) conducted a study on "SERVQUAL: A Multiple - Item Scale for measuring consumer perceptions of service quality." SERVQUAL can help a wide range of service and retailing organizations in assessing consumer expectations about and perceptions of service quality. It can also help in pinpointing areas requiring managerial attention and action to improve service quality.

Paromita Goswami (2007) conducted a study on "Customer Satisfaction with Service Quality in the Life Insurance Industry in India." Proper CRM implementation would not only ensure increased customer satisfaction but also help in acquiring new customers, at the same time retaining the old customers. Improved customer satisfaction would also result in positive word of mouth and consequently better customer acquisition and retention.

Sanket Vij and Ghosh Roy (2009) a study on "Perceived Level of e-CRM services and Customer Satisfaction in Life Insurance Sector of India." For enhanced customer satisfaction and better services quality, the customer centric delivery mechanism of insurance services supported by eCRM technologies played a significant role in the customer delight movement. In addition, the employee's positive frame of mind and respect for their customers would delight the customers and assist the service providers in customer value creation in life insurance sector of India.

Vikash (2011) conducted a study on "Service Quality Perception of Customers about Insurance Companies: An empirical study." the customers perceive better quality of service from public sector insurance companies as compared to private sector insurance companies.



Mohana Kumari and Murty (2013) examined “Service Quality of LIC to the Policyholders - An empirical study.” In order to attain sustainable growth in the competitive environment, offering quality service is the only differentiating factor.

### ***Statement of the Problem***

A service is a performance or act performed for a customer. Delivering quality of service has been increasingly identified as a key factor in differentiating service products and in building competitive edge. The customer base of LIC comprises of rural markets and urban markets and they are different in significant ways. The difference exists in terms of the living conditions, occupation, communication and infrastructure facilities, buying behaviour, and policy preference and service satisfaction. It is essential that the potential policyholders are identified and marketing resources are used optimally to transform them into the actual users. As a result, to gain more insight into the progress of service delivery in the insurance industry, differences between customers and service providers' viewpoint need to be explored. Based on the issue the study is attempted.

### ***Objectives of the Study***

- To analyze the service quality gap prevailing in the service dimensions of LIC from respondents' perspectives.

## **III. Research methodology**

Coimbatore district is selected as the locale of the study owing to the reason that it is one among the industrially developed and commercially vibrant districts of Tamilnadu. The multi – stage sampling method was applied for the selection of the 600 sample respondents particularly policy holders of Life Insurance Corporation of India from both urban and rural areas. Primary data were collected through personal interview with the insurance policy holders using structured interview schedule. The secondary data were collected from reports and publications of Insurance Regulatory Development Authority of India, journals, magazines and websites. The data thus collected were analyzed statistically using descriptive statistics and SERVQUAL gap analysis was used.

## **IV. Results and Discussion**

### ***Measurement of Gap in Service Quality***

Parsuraman et al., (1988) developed an instrument for measuring consumers' perception and expectation of Service Quality, known as SERVQUAL, with five dimensions. The dimensions were:

- ❖ ***Tangibles*** – Physical facilities, appearance of personnel and equipment.
- ❖ ***Reliability*** – Ability to perform the promised service dependably and accurately.
- ❖ ***Responsiveness*** – Willingness to help customers and provide prompt service



- ❖ **Assurance** – Ability of the organization’s employees to inspire trust and confidence in the organization through their knowledge and courtesy (combination of items designed originally to assess. Competence, Courtesy, Credibility, and Security).
- ❖ **Empathy** – Personalized attention given to customer (combination of items designed originally to assess Access, Communication, and Understanding the customer).

SERVQUAL is a methodology designed to identify the gaps between what customers expects from an excellent product or service to be from their current suppliers of that product or service. The gap scores are the differences between the perception and expectation scores [P – E] which measures service quality and hence customer satisfaction. The more perception is close to expectations, higher the perceived level of quality. It has been measured from the responses of urban and rural areas regarding service quality of LIC.

#### ***4.1 Average Gap Scores in Service Quality Dimension of LIC from Urban Respondents Perspectives***

The gap in perceived service quality is defined in the literature as “the degree and direction of discrepancy between consumers’ perspectives and expectations” (Coulthard, 2004). Respondents from urban area were asked to rate the level of perception and expectations about services offered by LIC on a five dimension. The results are shown in Table 4.1. Considering the urban respondents expectation the items with the highest expectation score under tangibility dimension were physical appearance of the office staff (6.48), use of latest technology (6.30) and physical appearance of the branch office (6.19). However the items rated highest on perception were physical appearance of the staff (5.64), physical appearance of the branch office (5.55) and information availability (5.48). As the gap between expectation and perception on tangibility dimension is much higher (0.74) than the other dimensions, LIC can improve its tangibles by using latest technology for providing service wherever possible, improving the ambience of its offices and also through persuasive advertisements. A similar study indicated that security was consistently the most important determinant of perceived service quality. To enhance customer satisfaction and better service quality, the customer’s centric delivery mechanism of insurance services supported by eCRM technologies played a significant role in the customer delight movement (Sanket Vij and Ghosh Roy, 2009).

Under ‘Reliability’ dimension, the items with highest expectation scores were staff provide error free services (6.35), right service in first instance (6.11), customer can fully depend and rely on employees (6.09). The items rated highest on perception were error free service (5.99), maintaining customer’s accurate records (5.66), guarantee and warrantee of performance (5.66), and employees’ commitment to fulfill promises in timely manner (5.55). As the gap between the expectation and perception level on reliability dimension was higher (0.56), the LIC can improve its reliability by providing error free service, gaining the customer confidence on employees and offering products at competitive prices.

The items with highest expectation score under ‘responsiveness’ dimensions were provision of prompt service (6.15), employee’s willingness to help customers (6.14), and shorter waiting time to get the service performed (6.09). As the gap between expectation and compliance of



the service demanded (0.64), The LIC can improve its ‘responsiveness’ through enhancing employee’s willingness to help customers, reduction in customers waiting time and by performing prompt service to their customers.

Under the dimension ‘assurance’ the highest expectation scores were noted with respect to employee’s knowledge and competency to solve customers’ problems (6.18), assured about the agent and advisory service (6.16), LIC which is widely known (6.04), well liked (6.04) and well known for its employee’s trustworthiness and honesty. The highest score on perception about actual service were employee’s trustworthiness and honesty (5.78) and assurance on agency and advisor (5.69). Under ‘empathy’ dimension, highest customer’s expectation was found in case of customer getting personal attention (6.13), agents having concern and understanding customer’s problems (6.13), staff identifying customer by name (6.08) and convenient business hours (6.07).

**Table 4.1 Average Gap Scores in Service Quality Dimension from Urban Respondents Perspectives**

Variables	P (Mean)	E (Mean)	Gap (P- E)	t-value	Sig
<b>TANGIBILITY</b>					
Physical appearance of Staff	5.64	6.48	-0.841	13.076	.000
Physical appearance of the branch office	5.55	6.19	-0.646	8.682	.000
Use of latest technology	5.43	6.30	-0.869	12.444	.000
Information available through brochures, leaflets, letters	5.48	6.08	-0.602	7.616	.000
Memorable advertisement	5.38	6.16	-0.780	11.288	.000
Total	27.48	31.21	-3.73		
<b>Average gap score (Total of P-E / 5)</b>			<b>-0.746</b>		
<b>RELIABILITY</b>					
Error free service	5.59	6.35	-0.760	10.094	.000
Commitment to fulfill promised service	5.55	6.04	-0.490	5.899	.000
Competitive pricing compared to others	5.40	6.04	-0.635	8.749	.000
Right service in first instance	5.50	6.11	-0.613	7.995	.000
Dependable and reliable employee	5.45	6.09	-0.641	8.474	.000
Maintain customer’s accurate records	5.66	6.08	-0.418	4.914	.000
Guaranteed and warranty of the performance	5.66	6.06	-0.401	4.803	.000
Total	38.81	42.77	-3.96		
<b>Average gap score (Total of P-E / 7)</b>			<b>-0.565</b>		
<b>RESPONSIVENESS</b>					
Employees are in a position to inform the customer about the time it will take for compliance of the service demanded	5.46	6.04	-0.577	7.026	.000
Prompt service	5.56	6.15	-0.591	7.345	.000
Shorter waiting time or fast service	5.46	6.09	-0.630	8.507	.000
Willingness to help customer	5.35	6.14	-0.794	11.592	.000
Total	21.83	24.42	-2.59		
<b>Average gap score (Total of P-E / 4)</b>			<b>-0.647</b>		
<b>ASSURANCE</b>					
Trustworthy and honest employees	5.78	6.04	-0.259	2.721	.000



Employees have knowledge and competence to solve customers' problem	5.67	6.18	-0.510	6.391	.000
Employees are experienced in diagnosing or solving the customer's problem	5.52	6.01	-0.490	5.752	.000
Managers make prompt decisions in case of complications	5.68	5.92	-0.240	2.926	.000
Privacy of customers' information	5.56	6.08	-0.515	7.182	.000
Assurance on agency / advisory	5.69	6.16	-0.465	6.175	.000
Widely known company	5.48	6.04	-0.560	7.260	.000
Well liked company	5.49	6.04	-0.546	7.534	.000
Company is unique compared to others	5.50	5.91	-0.407	5.394	.000
Total	50.37	54.38	-4.01		
<b>Average gap score (Total of P-E / 9)</b>			<b>-0.445</b>		
<b>EMPATHY</b>					
Personal attention to customers	5.65	6.13	-0.482	6.458	.000
Understand customer's specific needs	5.51	5.92	-0.407	4.298	.000
Customers kept informed about service and price charged	5.63	5.96	-0.329	3.758	.000
Insurer has their customer best interest in heart	5.41	5.98	-0.574	6.912	.000
Convenient business hours	5.70	6.07	-0.370	4.645	.000
Customers identified by name	5.48	6.08	-0.602	6.991	.000
Customer trusts the staff	5.74	5.97	-0.228	2.641	.000
Agents/Advisors concern in understanding customers' problem	5.62	6.13	-0.507	5.777	.000
Service during extended hours	5.73	6.06	-0.334	4.436	.000
Total	50.47	54.30	-3.83		
<b>Average gap score (Total of P-E / 9)</b>			<b>-0.425</b>		

Source : Primary data Level of significance: 5 per cent

The items rated highest for perception were customer trusting the staff of LIC (5.74), service during extended hours (5.73), convenient business hours (5.70), and customers getting personal attention (5.65). The average gap score for empathy dimension (0.42) which can be improved by good customer relationship i.e., staff identifying customers by name, upholding customers best interest, agents exhibiting concern for customers' problems and by paying personal attention to customers.

It is inferred from the urban respondents' point of view that in order to reap the benefits from satisfied customers the LIC should give due importance to narrow down the gaps between customer expectation and the actual service perception, in the order of tangibility, responsiveness, reliability, assurance and empathy. Comparatively, lesser gap is reported for the dimensions namely assurance and empathy. Prompt decisions in case of complications and trustworthy and honest employees were the highlighting sub categories and assurance dimensions. Under empathy dimension customer trusts the staff was found to be highlighting feature of LIC among urban respondents which strongly positioned in the minds of the customers. Tangibility and Responsiveness were the two areas found to have a huge gap in service quality of LIC. Hence LIC should take necessary steps to bring down the gaps. A study by Masood H. Siddiqui et al., (2010) identifies that analytical hierarchy process highlighted the priority areas of service instrument with assurance was the best predictor followed by competence and personalized financial planning.



These are the two areas by which LIC has positioned in the minds of the urban customers which are to be further strengthened to enhance sustainability in the urban market segment. According to Basharat Naeem and Zoune Arif (2011), tangibles, empathy and assurance fostered the customer loyalty.

#### ***4.2 Average Gap Score in Service Quality Dimensions of LIC from Rural Respondents Perspectives***

Respondents from rural area were asked to rate the level of expectations and perceptions about services offered by LIC in five dimensions. The results are presented in Table 4.2. Considering the rural respondents' expectation on service quality, under 'Tangibility' dimension, the items with highest expectation scores were physical appearance of the staff (6.45), physical appearance of branch office (6.39) and latest technology in providing service (6.37). However, the items rated highest on perception were persuasive advertisement (5.71), information availability (5.69), latest technology in providing service (5.68) and physical appearance of branch office (5.67). As the gap between expectation and perception of 'Tangibility' dimension was 0.704 and it is higher than the other dimensions. LIC can improve its tangibles by enhancing physical appearance of the staff, physical appearance of the branch office and use of latest technology in providing service wherever possible.

Under 'Reliability' dimension, the items with highest expectation scores were error free services (6.41), right service in first instance, dependable and reliable employees and providing accurate service with mean values of 6.22 each and the companies competitive pricing (6.17). The items rated highest perception were providing accurate records (5.80), guaranteed performance (5.76), error free service (5.70) and customer can fully depend and rely on employee (5.63). As the gap between the expectation and perception level of reliability dimension is higher (0.511). The LIC can improve its reliability by providing error free service, performing services right in first instance, competitive pricing and staff's ability in handling customer's problems.

Under "Responsiveness" dimension, the items with highest expectation scores were employees prompt service to their customers' (6.22), employees ability to inform the customer about the time taken for the service demanded (6.21), shorter waiting time to get the service rendered (6.05) and employees' willingness to help their customers (6.04). The items rated highest on perception were employee's willingness to help (5.87), fast service (5.80) and prompt service (5.76). As the gap between the perception and expectation level on responsiveness dimension was 0.402.

Rural respondents view on "Assurance" dimension reveals the fact that the items with highest expectation scores were privacy of maintaining customer's information (6.18), uniqueness of LIC (6.12), widely known company (6.08) and Employees are trustworthy and honest (6.08). Whereas the rural respondents' perception towards the "Assurance" dimension was rated with employees having enough knowledge to solve customer's problem (5.88) and experienced employees in solving the customer's problems (5.76).

As the gap between the perception and expectation level on assurance dimension (0.382) indicates more expectation on assurance dimension among the rural respondents. In order to solve



the needs of the customers the LIC should bring radical changes. It should concentrate on privacy of customers information, should bring innovative plans to cater to rural segments and policies to sustain the company as unique and widely known to the general public.

Under the “Empathy” dimension, the items with highest expectation scores were company should understand their customer’s specific needs (6.19), individual attention (6.16) and agents or advisors concern over customer’s problems (6.14). The items with highest perception level of the rural respondents were company keeps informed about the services performed and price charged (5.80), Agents or Advisors concern over customer’s problems (5.78) and company has convenient business hours (5.74). The gap score of 0.543 implies that the LIC should take enough steps to understand their customer’s specific needs and give individual attention to their needs and interprets need based services in their day to day functioning.

**Table 4.2 Average and Gap Scores in Service Quality Dimensions of Rural Respondents**

Variables	P (mean)	E (mean)	Gap (P – E)	t-value	Sig
<b>TANGIBILITY</b>					
Physical appearance of Staff	5.63	6.45	-0.817	10.509	.000
Physical appearance of the branch office	5.67	6.39	-0.722	9.701	.000
Use of latest technology	5.68	6.37	-0.685	8.295	.000
Information available through brochures, leaflets, letters	5.69	6.34	-0.647	8.635	.000
Memorable advertisement	5.71	6.35	-0.639	7.612	.000
Total	28.38	31.9	-3.52		
<b>Average gap score (Total of E-P / 5)</b>			<b>-0.704</b>		
<b>RELIABILITY</b>					
Error free service	5.70	6.41	-0.714	8.485	.000
Commitment to fulfill promised service	5.62	5.87	-0.253	2.533	.000
Competition pricing compared to others	5.57	6.17	-0.593	7.225	.000
Right service in first instance	5.54	6.22	-0.685	8.469	.000
Dependable and reliable employee	5.63	6.22	-0.589	6.815	.000
Maintain customer’s accurate records	5.80	6.22	-0.411	5.026	.000
Guaranteed and warranty of the performance	5.76	6.09	-0.332	3.843	.000
Total	39.62	43.2	-3.58		
<b>Average gap score (Total of E-P / 7)</b>			<b>-0.511</b>		
<b>RESPONSIVENESS</b>					
Employees are in a position to inform the customer about the time it will take for compliance of the service demanded	5.48	6.21	-0.726	8.091	.000
Prompt service	5.76	6.22	-0.465	6.328	.000
Shorter waiting time or fast service	5.80	6.05	-0.249	2.588	.000
Willingness to help customer	5.87	6.04	-0.166	1.823	.000
Total	22.91	24.52	-1.61		
<b>Average gap score (Total of E-P / 4)</b>			<b>-0.402</b>		
<b>ASSURANCE</b>					





Trustworthy and honest employees	5.73	6.08	-0.353	3.350	.000
Employees have knowledge and competence to solve customers' problem	5.88	6.04	-0.166	1.562	.000
Employees are experienced in diagnosing or solving the customer's problem	5.76	5.98	-0.228	2.139	.000
Managers make prompt decisions in case of complications	5.72	6.10	-0.378	3.699	.000
Privacy of customers' information	5.60	6.18	-0.577	6.877	.000
Assurance on agency / advisory	5.65	6.03	-0.378	3.616	.000
Widely known company	5.67	6.08	-0.407	4.589	.000
Well liked company	5.62	6.00	-0.378	3.935	.000
Company is unique compared to others	5.54	6.12	-0.577	6.021	.000
Total	51.17	54.61	-3.44		
<b>Average gap score (Total of E-P / 9)</b>			<b>-0.382</b>		
<b>EMPATHY</b>					
Personal attention to customers	5.59	6.16	-0.577	5.631	.000
Understand customer's specific needs	5.39	6.19	-0.797	8.268	.000
Customers kept informed about service and price charged	5.80	6.07	-0.270	2.723	.000
Insurer has their customer best interest in heart	5.09	6.02	-0.934	8.271	.000
Convenient business hours	5.74	6.04	-0.295	2.721	.000
Customers identified by name	5.42	6.04	-0.618	7.335	.000
Customer trust the staff	5.48	6.07	-0.589	4.984	.000
Agents/Advisors concern in understanding customers' problem	5.78	6.14	-0.361	3.831	.000
Service during extended hours	5.63	6.08	-0.452	4.691	.000
Total	49.92	54.81	-4.89		
<b>Average gap score (Total of E-P / 5)</b>			<b>-0.543</b>		

Source : Primary data Level of significance: 5 per cent

It is inferred from the rural respondents' point of view that in order to reap the benefits from satisfied customers, the LIC should give due importance to rural segment by bringing down the gaps between customer's expectation and the actual service perception, in the order of tangibility, responsiveness, reliability, assurance and empathy. Comparatively, lesser gap is reported for the dimensions namely assurance and responsiveness. Employee's knowledge and competence to solve customers' problem and employees' experience in diagnosing or solving customer's problem were the two highlighting areas under assurance dimension which positioned in the minds of the policyholders. Customers kept informed about service and price charged and convenient business hours were the two highlighting areas under empathy dimension. A dissimilar finding resulted that customers were not much satisfied in terms of Assurance (Nikhil Chandra Shil and Bhagaban Das, 2009). Assurance and empathy are the two areas by which LIC has positioned in the minds of the customers which are to be further strengthened to enhance sustainability in the rural market segment in the study area. Further the dimensions' reliability and tangibility were two areas where the gaps are higher. The LIC has to concentrate more on these two dimensions to strengthen the quality of service.



#### 4.3. *Ascertaining un-weighted SERVQUAL score*

Average Gap Score or un-weighted score for each dimension was arrived by assessing the Gap Score for each of the statements that constitutes the dimension and dividing the sum by the number of statements making up that dimension. Gap scores for five different categories calculated were averaged to compute un-weighted score as given in Table 4.3.

**Table 4.3 Un-weighted SERVQUAL Score**

Dimensions	Gap Scores	
	Urban	Rural
Tangibility	-0.746	-0.704
Reliability	-0.565	-0.511
Responsiveness	-0.647	-0.402
Assurance	-0.445	-0.382
Empathy	-0.425	-0.543
Total	-2.828	-2.542
Average (= Total / 5) Un weighted Score	-0.566	-0.508

Average un-weighted SERVQUAL Score reveals the fact that it was in negative zone and thereby it means that the respondents' expectations were more than their perceptions. Attempt is to be made to bring down by providing promised services to the policyholders. A similar finding resulted with policyholders has experienced low levels of services as against their expectation (Keerthi and Vijayalakshmi, 2009).

#### 4.4. *Assigning weights to dimensions of SERVQUAL*

Assigning weights to dimensions of SERVQUAL is the extension of the SERVQUAL score. However, it is inaccurate to draw conclusions from un-weighted scores directly since the SERVQUAL scores did not take into consideration the relative importance of the service dimensions in the view of the respondents. Thus, the weighted SERVQUAL scores were computed. Assigning weights against each of the five dimensions is critical and tactful because the amount of weight represents the relative importance of the dimensions to the customers. Based on the assigned relative weight by the respondents for each dimensions, points were totaled and averaged to normalize it. Total 100 points have been allocated among these five dimensions by the respondents as stated in Table 4.4.



**Table 4.4 Weights Assigned by the Respondents**

Dimensions	Weights Assigned	
	Urban Respondents	Rural Respondents
The appearance of the LIC branch's physical facilities, equipments, personnel and communication materials. <b>(Tangibility)</b>	15	16
The LIC branch's ability to perform the promised service dependably and accurately. <b>(Reliability)</b>	19	24
The LIC's willingness to help customers and provide prompt service. <b>(Responsiveness)</b>	25	24
The knowledge and courtesy of the LIC employees and their ability to convey trust and confidence. <b>(Assurance)</b>	24	21
The caring, individual attention the LIC provides to its customers. <b>(Empathy)</b>	17	15
<b>Total points</b>	100	100

Source: Primary data.

In order to arrive the weighted score, un-weighted scores are multiplied with the weights assigned to various dimensions.

**Table 4.5 Weighted Gap Scores**

Dimension	Urban			Rural		
	Un-Weighted score	Weights	Weighted score	Un-Weighted score	Weights	Weighted score
Tangibles	0.746	0.15	0.112	0.704	0.16	0.113
Reliability	0.565	0.19	0.107	0.511	0.24	0.123
Responsibility	0.647	0.25	0.162	0.402	0.24	0.096
Assurance	0.445	0.24	0.107	0.382	0.21	0.080
Empathy	0.425	0.17	0.072	0.543	0.15	0.081
<b>Total weighted score</b>			<b>0.560</b>			<b>0.493</b>

With regard to the urban respondents, after assigning the weights the dimensions responsibility and tangibility were the two dimensions found with higher weighted gap scores whereas in rural segment it was reliability and tangibility. In all, the weighted scores were higher for the dimension's reliability and responsibility.

#### **4.6 Dimension wise Gap Scores**

Finally, the score should be analyzed to find out the areas where more attention is required. The gap score indicates the extent of gap in service quality. The larger gap score is, the more is the



dissatisfaction. Overall score under each category and total can be presented in a single table to get an overall idea in view of the responses as shown below in Table 4.57.

**Table 4.6 Weighted Gap Score Based on Urban Responses**

Dimensions	Perceptions (P)	Expectations (E)	Gap Scores (E-P)	Un-weighted Average Gap Score	Weights Assigned (W)	Weighted Score
Tangibility	27.48	31.21	-3.73	0.746	0.15	0.11
Reliability	38.81	42.77	-3.96	0.565	0.19	0.11
Responsiveness	21.83	24.42	-2.59	0.647	0.25	0.16
Assurance	50.37	54.38	-4.01	0.445	0.24	0.11
Empathy	50.47	54.30	-3.83	0.425	0.17	0.07
<b>Total</b>						<b>0.56</b>

The dimension Assurance has the highest average gap score (un-weighted). But after the adjustment with weights, the score becomes 0.11 that is no more the highest. Thus, the weight has a lot of implication. Individually, the customers are very much dissatisfied in this category. But they believe that it should have less weight at the time of calculating aggregated score. On the basis of weighted score, the dimension Responsiveness got the highest score. It means that the performance of LIC in this category was not good and it should give sufficient attention to all of the sub categories under this dimension.

**Table 4.7 Weighted Gap Score Based on Rural Responses**

Dimensions	Perceptions (P)	Expectations (E)	Gap Scores (E-P)	Un-weighted Average Gap Score	Weights Assigned (W)	Weighted Score
Tangibility	28.38	31.9	-3.52	0.704	0.16	0.11
Reliability	39.62	43.2	-3.58	0.511	0.24	0.12
Responsiveness	22.91	24.52	-1.61	0.402	0.24	0.10
Assurance	51.17	54.61	-3.44	0.382	0.21	0.08
Empathy	49.92	54.81	-4.89	0.543	0.15	0.08
<b>Total</b>						<b>0.49</b>

The dimension Empathy has the highest average gap score (un-weighted) of 4.89. But after the adjustment with weights, the score becomes 0.08 that is no more the highest. Thus, the weight has a lot of implication. Individually, the customers are very much dissatisfied in this category. But they believe that it should have less weight at the time of calculating aggregated score. On the basis of weighted score, the dimension Reliability got the highest weighted score 0.12. It means that the performance of LIC in this category is not good and it should give sufficient attention to all of the sub categories under Reliability dimension (Table 4.58). According to Sahar Siami and Mohammad (2012), the reliability was the most important dimension at delivering an



optimal insurance service. Reliability is the most important factor for why rural people prefer more to the product of Life Insurance Corporation of India than others (Ajith Kumar Dash, 2011).

## Conclusion

Insurance sector can create satisfaction among customers by improving service quality. Economic factors like standard of living and psychological dimensions of service quality have strong association among respondents. Among urban respondents 'tangibility' and 'responsiveness' were the two dimensions found to have a huge gap in service quality of LIC. Hence LIC should take necessary steps to bring down the gaps. Comparatively, lesser gap is reported for the dimensions namely assurance and empathy. These are the two areas where LIC has positioned in the minds of the customers. Among rural respondents 'assurance' and 'empathy' are the two dimensions by which LIC has positioned in the minds of the customers which are to be further strengthened to enhance sustainability in the rural market segment. Further the dimensions 'reliability' and 'tangibility' were two areas where the gaps are higher. The LIC has to concentrate more on these two dimensions to strengthen the quality of service.

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