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Customer Opinion And Satisfaction Concerning The Impact Of Privatization On Life Insurance Services-An Empirical Study

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Abstract

Every business organization is subjected to risks and uncertainties on a regular basis. A number of risks are avoidable, while others are unavoidable, and over which a company has no control. Insurance is a tool that we can use to protect our organization and ourselves from unavoidable risks like these. The information required for the research has been gathered from two different sources, which are primary sources and secondary sources, respectively. The importance of insurance is growing day by day, as it performs a variety of both primary and secondary functions. Risk sharing and protection against loss are some of the functions performed by insurance, including ensuring payment to policyholders in the event of a loss. The target population consists of all life insurance policyholders in the state of Haryana. In the current study, 400 questionnaires were distributed to life insurance agents and brokers. The insurance industry contributes significantly to the growth and development of any country's economy. When an investor has savings, insurance can be used to mobilize those savings and act as a financial intermediary to promote investment activities in the economy, maintain financial market equilibrium, and create jobs.

Keywords: customer, satisfaction, impact, privatization, insurance, service, etc.

1. INTRODUCTION

Every business organization is subjected to risks and uncertainties on a regular basis. A number of risks are avoidable, while others are unavoidable, and over which a company has no control. Insurance is a tool that we can use to protect our organisation and ourselves from unavoidable risks like these. As the name implies, it is a settlement between the policyholder (insured) and policy giver (insurer) in which, under certain conditions, the policy giver pays compensation to the insured if the insured suffers a loss. Accidents, death, property damage, and personal injury are all examples of situations in which an insured receives a payment from the insurer (Dr. Unnati Jadon and Dr. Jai Prakash Singh, 2020). The amount of compensation is determined by the amount of loss incurred as a result of the occurrence of the cause for which insurance is purchased.

- **The significance of insurance:**

As a risk management tool, insurance can help you to reduce the likelihood of potential losses that may occur as a result of an accident, illness, death, or damage or loss of personal property. Insurance is widely used in modern affairs because, by purchasing insurance, a person creates an asset rather than a liability. The importance of insurance is growing day by day, as it performs a variety of both primary and secondary functions. Risk sharing and protection against loss are some of the functions performed by insurance, including ensuring payment to policyholders in the event of a loss. Insurance companies even serve as a source of capital for society by investing their funds in a variety of productive ventures (Dr. Unnati Jadon and Dr. Deepak Kr Vashist,, 2020). The significance of insurance can be evaluated on the basis of the three criteria listed below:

- Importance of insurance for the individual.
- Importance of insurance for the society.
- Importance of insurance for the business and industry.

Following the privatisation of the life insurance industry, there has been a sea change in the way the business operates. The privatisation of the life insurance industry was primarily motivated by three factors. For starters, the vast majority of other sectors that were previously reserved for the public sector have now been privatised. As a result, an initiative was made to privatise the life insurance sector in order to further develop the insurance sector market. Second, there was a general lack of understanding of insurance and its benefits (Dr. Vivek Mittal and Dr. Sidharth Jain, 2018). As a result, the decision to privatise the life insurance business was made in order to raise awareness about the importance of insurance in everyone's life and to encourage people to buy it. To add insult to injury, the Indian insurance sector fell short of international standards in terms of technology and products, insurance density and penetration, managerial skills, cost efficiency and other factors. Following privatisation, there has been an increase in competition among insurance companies, with each company putting forth their best efforts to meet the needs of their customers. As a result, in today's competitive environment, satisfied customers are the most important solution for a company's long-term survival and success (Dr. Sidharth Jain, Dr. Surender Kumar Gupta, 2021). The marketing requirement is that "one satisfied customer brings a hundred more customers." This is the marketing mantra.

2. REVIEW OF THE LITERATURE

Shilpa Gupta and A.K. Mishra (2017) published a research article titled "A Study to Analyze the Impact of Privatisation on the Life Insurance Corporation of India" in which they measured the performance of the Life Insurance Corporation of India (LIC) in India before and after privatisation. The data has been analysed and evaluated using parameters such as the total number of policies, the total amount of premium underwritten, the profit after tax, the market portion of public and private life insurance companies based on the first year premium and the number of new policies. The findings of the study, which were based on twelve years of data from the years 2002 to 2013, are as follows: The privatisation of insurance was undertaken with the goals of increasing insurance penetration, providing a greater variety of policies, products, and plans, improving cost efficiency, providing customised services, and advancing technology and innovation. The number of life insurance policies issued by public insurers in the post-privatization era is significantly reduced as a result of privatisation.

Dr. Sumninder Kaur Bawa and Samiya Chattha (2013) examined the financial performance of life insurance companies in India on the basis of liquidity, profitability, and solvency parameters in their study on "Financial Performance of Life Insurers in Indian Insurance Industry." Financial ratios have been calculated using the information provided by these parameters. The study's sample size is comprised of 18 life insurers from India, and data from the previous five years is analysed in order to arrive at a conclusion. Multivariate regression models are used to assess the impact of these variables on the profitability of life insurance companies. It was determined by the study's findings that liquidity has a significant impact on profitability. The solvency of life insurance companies has no effect on their profitability. According to the findings of the study, measuring the profitability of life insurers is critical because the insurance sector contributes to economic development through the collection and transfer of funds from small savers to those who require the funds to invest in profitable areas. This implies that the economy is reliant on the insurance industry for its development. To arrive at this conclusion, a variety of ratios, including financial, liquidity, solvency, return on asset, current and insurance leverage ratios, have been calculated.

Dharmendra Singh (2011) in his study titled, "Factors Affecting Customers Preferences for Life Insurers: An Empirical Study," customer satisfaction has numerous benefits, and the factors that influence policyholder satisfaction have been identified. These are the factors that contribute to his overall satisfaction, which leads him to want to stay with the same company and even encourages his friends and relatives to purchase insurance policies from the same company. Many factors are considered important, but among them, the study found that fast claim settlement, a convenient payment system, and prompt resolution of complaints are the most important ones. These are the factors that must be addressed by the businesses in order to improve customer satisfaction.

Charlas L.J. (2009) examined the impact of the post-privatization era on the insurance sector in terms of growth and future opportunities for both Indian and foreign players in the industry. After conducting research, the researchers concluded that India's insurance sector had seen tremendous expansion following the country's privatisation. National and international life insurers are discovering a plethora of opportunities in the Indian market for expanding their operations. Until 1999, the majority of the life insurance business in India was conducted by the Life Insurance Corporation of India (LIC). However, private insurance players are experiencing consistent growth at the moment, and the Indian life insurance market as a whole is progressing forward in India.

3. OBJECTIVES

- To study the Importance of Insurance.
- To analyze Customer opinion and Satisfaction concerning the Impact of Privatization on Life Insurance Services.

4. RESEARCH METHODOLOGY

4.1 Data Collection

Following the identification of the research problem, data collection, which is a critical stage in the solution of the research problem, is carried out. Data collection is the process of gathering all of the necessary information about a specific research problem or question. The information required for the research has been gathered from two different sources, which are primary sources and secondary sources, respectively.

4.2 The Aiming Population

The target population consists of all life insurance policyholders in the state of Haryana. In the current study, 400 questionnaires were distributed to life insurance agents and brokers. Twenty-six questionnaires were found to be unusable out of 400 total questionnaires received. They were deemed unfit to participate in the study. A total of 374 questionnaires from respondents were considered for inclusion in the study.

5. RESULT AND DISCUSSION

5.1 Customer opinion and Satisfaction concerning the Impact of Privatization on Life Insurance Services

- **Age Profile of the Respondents**

The age distribution of the respondents is depicted in the first table.

Table 1 Age Profile of the Respondents

Age	Frequency	Percent
Below25Years	27	7
26-30Years	78	21
31-35Years	73	19.0
36-40Years	73	20
41-45Years	55	15
Above45Years	68	18
Total	374	100.0

Source: Compiled by the researcher from the output of SPSS

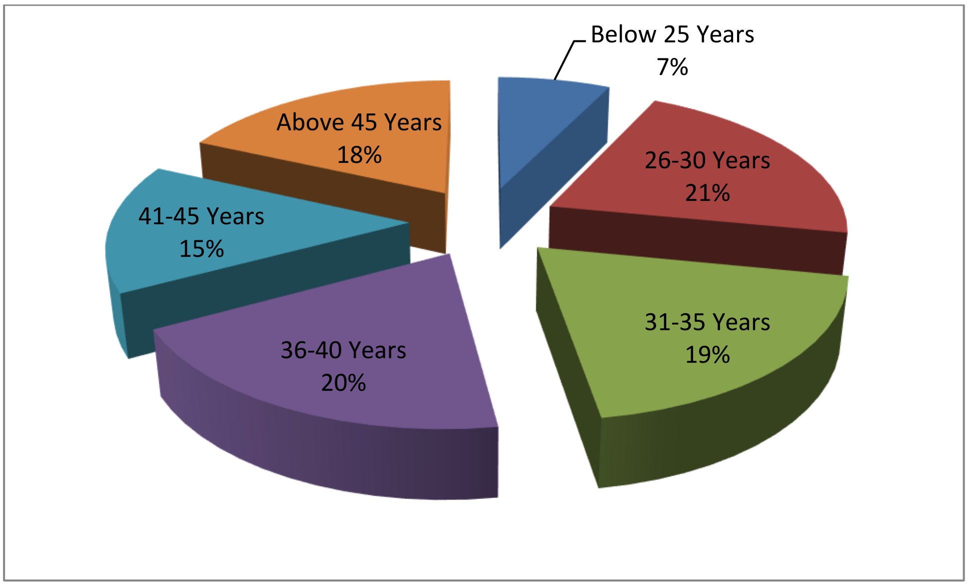

Figure 1 Age Profile of the Respondents

According to the information in the preceding table, out of 374 respondents, 27 (or 7%) are under the age of 25, 78 (21 percent) are between the ages of 26 and 30, and 73 (19.0 percent) are between the ages of 31 and 35 years. A similar number of 73 (20 percent) are in the age range of 36-40 years, 55 (15 percent) are in the age range of 41-45 years, and the remaining 68 (18 percent) are over the age of 45 years again. There are more respondents younger than the age profile 26-30 years old, followed by respondents between thirty one and forty years old, as indicated by this data.

5.2 The Effect on the Product

Ten statements have been formulated in order to determine the impact of privatisation on the products of life insurance. A five-point likert scale was used to evaluate the responses of the participants in this survey. The use of a five-point Likert scale assisted in determining whether or not there has been an impact of privatisation on the products and services of life insurance companies. According to the results of the survey, the following statements about the impact of privatisation on products in the life insurance industry received the most responses (see Table 2). In order to statistically test the above result, a single sample t-test was performed. This test will assist in determining whether the mean scores of the respondents on various product statements are statistically significantly different from the population mean, which is 3.00, or not, using the data from the survey.

Table 2 Mean scores of respondents on the statements of Products

Statement	N	Mean
Numberofproductshaveincreased	374	3.10
Newcustomizedproducts	374	3.61
Productsofferinnovativeproducts	374	3.27
Productscomewithmultibenefits	374	3.17
Documentationismadewellexplained	374	3.06
Transparentandclearrules	374	3.51
Flexibilityinproduct	374	3.25
Productgivevalueformoney	374	3.08
Productsaresuperior	374	3.31
Brandnamehasbecomeimportant	374	3.67

Source: Compiled by researcher by the output of SPSS

The mean score of the respondents for all ten product statements formulated to determine the impact of privatisation on the products of life insurance companies is greater than 3.00, according to the results of the survey. This indicates that the majority of respondents believe that privatisation has had an impact on the products offered by life insurance companies in India. When it comes to the number of products, the products come with multiple benefits, the documentation is well explained, the rules are transparent and clear, the product is flexible, and the product provides value for money, the products are superior, and the brand name has become important when purchasing an insurance policy from an insurance company, the mean score is more than 3:00.

6. CONCLUSION

The insurance industry contributes significantly to the growth and development of any country's economy. When an investor has savings, insurance can be used to mobilise those savings and act as a financial intermediary to promote investment activities in the economy, maintain financial market equilibrium, and create jobs. At the moment, India's life insurance industry is ranked eighteenth in the world among the life insurance industries, and twenty-eighth in the world among general insurance industries. This indicates that the life insurance industry in India has not yet reached the most profitable segments of the country, indicating that it has room to grow. The liberalisation of the insurance sector has resulted in the integration of financial markets, the upgrading and transfer of technology, as well as numerous financial modifications. Privatization has facilitated the entry of Indian private companies as well as international players. There is a tremendous amount of potential that has yet to be discovered.

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