

*SUMMARY OF  
FINDINGS AND CONCLUSION*

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## CHAPTER – V

### SUMMARY OF FINDINGS AND CONCLUSION

#### 5.1 FINDINGS OF THE STUDY

The present study on “Determinants of Service Quality – A study with reference to Health Insurance Industry” was conducted taking two leading insurance companies providing health insurance – New India Assurance Company Limited and Bajaj Allianz General Insurance Company Limited. The required primary data was collected and analysed and the findings are presented under the following headings.

1. Socio-economic profile of the respondents
2. Awareness about different health insurance policies
3. Evaluation of service quality perceptions and expectations of the policy holders
4. Determination of the factors influencing service quality of the firms

##### 1. Socio-economic profile of the respondents

###### **New India Assurance Company:**

- From the selected sample, 84 percent are male
- In terms of age, 36 percent of the respondents belong to the age group of 41 – 50 years.
- In case of educational qualification, 36 percent of the respondents have completed high school studies.
- Business people constitute 52 percent of the total respondents.
- In term of marital status, 84 percent of the respondents are married.
- The income statistics revealed that annual income of 79 percent of the respondents was between Rs.2, 00,001-Rs.5, 00,000.
- In case of type of family category, 61.6 percent of the respondents belong to joint family.

###### **Bajaj Allianz General Insurance Company:**

- From the selected sample, 69.6 percent are male
- In terms of age, 36 percent of the respondents belong to the age group of 21 -30 years.
- In case of educational qualification, 48 percent of the respondents have completed degree.

- 46 percent of the respondents belong to employee category.
- In term of marital status, 72.8 percent of the respondents are married.
- The income statistics revealed that 73.6 percent of the respondents' annual income was between Rs.2, 00,001-Rs.5, 00,000.
- In case of type of family category, 66.4 percent of the respondents belong to joint family.

## **2. Awareness about different health insurance policies**

### **New India Assurance Company:**

- 66.4 percent have come to know the insurance company through their agent and 20 percent of the respondents have known through advertisements.
- 60.8 percent of the respondents have taken family health insurance policy for an amount of Rs. 1lakh –Rs. 5lakhs and for 36 percent of the respondents it was less than Rs. 1lakh.
- 80 percent of the respondents have only one policy and 13.6 percent of the respondents have 2 policies.
- In case of premium payment, 78.4 percent of the respondents paid their premium through agents of the insurance company and 20 percent of the respondents paid the premium directly.
- 65.6 percent of the respondent's preference of settlement was through the third party administrators, while 34.4 percent of them prefer the settlement to be made directly through the insurance company itself.

### **Bajaj Allianz General Insurance Company:**

- 46.4 percent have come to know the insurance company through their advertisements and 42.4 percent of the respondents have known through agents.
- 60.8 percent of the respondents have taken family health insurance policy for an amount of Rs. 1lakh –Rs. 5lakhs and for 34.4 percent of the respondents it was less than Rs. 1lakh.
- 53.6 percent of the respondents have only one policy and 36 percent of the respondents have 2 policies.
- In case of premium payment, 54.4 percent of the respondents paid their premium through agents of the insurance company and 39.2 percent of the respondents paid the premium directly.

- 69.6 percent of the respondents preferred their claim settlement directly from the insurance company itself, while 30.4 percent of them prefer the settlement through the third party administrators.

### **3. Evaluation of service quality perceptions and expectations of the policy holders**

#### **A. Reliability Analysis**

In order to test the reliability of the overall instrument of service quality, Cronbach's Alpha coefficient was computed using the data on the expectations as well as perceptions.

#### **New India Assurance Company and Bajaj Allianz General Insurance Company - service quality expectation scales:**

The Cronbach's alpha for the service quality expectation level of the respondents of New India Assurance Company Limited is at 0.968 and for Bajaj Allianz General Insurance Company Limited, it is at 0.888. Hence, it is inferred that for expectation level all the factors namely Tangibility, Assurance, Reliability, Responsibility and Empathy have high reliability.

#### **New India Assurance Company and Bajaj Allianz General Insurance Company - Service quality perception scales:**

The Cronbach's alpha for the service quality perception level of the respondents of New India Assurance Company Limited is 0.973 and for Bajaj Allianz General Insurance Company Limited, it is at 0.959. Hence, it is inferred that all the factors namely Tangibility, Assurance, Reliability, Responsibility and Empathy have high reliability.

#### **B. Chi-square Analysis**

To study the association between the socio-economic factors and the level of expectation and the perception of the respondents regarding service quality of the select health insurers, chi-square test was done.

Ho: There is no association between the socio-economic factors and customer perception of service quality of the health insurance companies

#### **New India Assurance Company Limited:**

- In the expectation level, there is a strong association between Age and all the factors of service quality i.e. Tangibility, Reliability, Responsibility, Assurance and Empathy and in

the perception level, there is a strong association between the Age of the respondents and all the factors of service quality.

- In the expectation level, there is no association between Gender and all the factors of service quality and in the perception level, there shows a strong association between Gender and the Reliability and Empathy factors of service quality.
- In the expectation level, there is a strong association between educational qualification and all the factors of service quality and in the perception level, there is a strong association between educational qualification and all the factors of service quality.
- In the expectation level, there is a strong association between occupation and Reliability, Responsibility, Assurance and no association between occupation and other factors and in the perception level, there is a strong association between occupation and all the factors of service quality except Empathy.
- There is a strong association between marital status and Responsibility in the expectation level and no association with the remaining factors. In the perception level, there is a strong association between assurance and the marital status of the respondents and no association with the remaining factors.
- There is association between the nature of family and the Responsibility and Assurance factors of service quality in the expectation level and no association between the nature of family and the remaining factors. In the perception level, there is a good association between all the factors of service quality except Reliability and the nature of family.
- In the expectation level, there is a strong association between annual income and Tangibility, Reliability factors of service quality scale and no association with the remaining factors. While in the perception level, there is a good association between all factors except Assurance factors of service quality and the annual income.

**Bajaj Allianz General Insurance Company:**

- In the expectation level there is a strong association between age of the respondents and all the factors of service quality i.e. Tangibility, Reliability, Responsibility, Assurance and Empathy. In the perception level also, there is a strong association between Age and all the factors of service quality.
- In the expectation level, there is no association between Gender and all the factors of service quality While in the perception level, there shows a strong association between

Gender and the Reliability and Tangibility factors of service quality but no association between Responsibility, Assurance and Empathy.

- In the expectation level, there is a strong association between educational qualification of the respondents and three factors of service quality i.e. Tangibility, Reliability, and Assurance. In the perception level, there is a strong association between all the factors of service quality and the educational qualification.
- There is a strong association between occupation and Tangibility, Responsibility, Assurance factors of service quality in the expectation level. In the perception level also, there is a strong association between Reliability, Responsibility and Empathy of service quality and the occupation.
- There is a strong association between marital status and Responsibility in the expectation level. In the perception level also, there is a strong association between all factor except Tangibility and the marital status
- There is association between the nature of family and the Responsibility and assurance factors of service quality in the expectation level. In the perception level, there is association all the factors of service quality except Tangibility and the nature of family.
- In the expectation level, there is a good association between annual income and Responsibility, Empathy factors of service quality scale. While in the perception level, there is a good association between all factors except Tangibility, Empathy factors of service quality and the annual income.

### **C. Correlation Analysis**

To find out the relationship between the expectation and perception level of service quality by the respondents, the correlation analysis was done.

- There is a strong positive correlation i.e. 0.726 exist between expectation and the perception level of New India Assurance company as the expectation level increases, the perception level increases and vice versa. Thus New India Assurance Company holds good image in the minds of the customers.
- There is a negative correlation i.e. -0.015 exist between expectation and the perception level of Bajaj Allianz General insurance company which implies that expectance level had not been met as with the perception of the respondents. Thus, Bajaj Allianz General

insurance company should increase its service quality so as to meet the expectation level of its policy holders.

#### **D. Multiple Regression Analysis**

To find the variables that contribute for higher level of perception of service quality of the insurance companies, multiple regression analysis was done.

- In New India Assurance Company, among the various variables of five factor dimensions, the variables that contribute for higher level of perception are Convenient branch locations (Tangibility), Fulfil promises in timely manner (Reliability), Faster service (Responsibility), Knowledge and competence to solve problem (Assurance) and Convenient operating hours (Empathy).
- In Bajaj Allianz General insurance company, among the various variables of five factor dimensions, the variables that contribute for higher level of perception are Information availability (Tangibility), Accurate records to the customers (Reliability), Hassle free claims settlement (Responsibility), Knowledge and competence to solve problem (Assurance) and Informed about service performed and price charged (Empathy).

#### **4. Determination of the factors influencing service quality of the select health insurance firms**

##### **A. Measuring service quality using servqual**

SERVQUAL is a research methodology designed to identify the gaps between what customers expected from an excellent product or service provider and what they perceive the service to be from their current suppliers of that product or service. The genetic questionnaire as used by Parasuraman et al (1988) has been used here with 22 statements under here with 22 statements under 5 dimensions. The responses have been captured in 7 point Likert scale and gap score is calculated by deducting perceptions from expectations (E-P).

##### **New India Assurance Company:**

- The perception level of the respondents exceeds the expectation level in 'Assurance' factor, implying that the respondents are highly satisfied with the assurance factor which includes the knowledge and competence of its employees to solve the customers

problems, their trustworthiness and honest, maintaining confidentiality of customers' personal information.

- There was only a very narrow gap ranging between 0.01 and 0.05 among the various dimensions of service quality expectation and perception level of the respondents.
- Under the 7 point Likert scaling, the respondents have stated their satisfaction level between 6 and 5 points i.e. agree to partially agree. This indicates that there is scope for increasing the service delivery. So as to ensure maximum satisfaction to the policy holders i.e. reaching the 7 points in the scaling (strongly agree).

#### **Bajaj Allianz General Insurance Company:**

- The gap score is very low in 'responsibility' and it reveals that customers are highly satisfied with their efficient grievance handling mechanism, hassle free claims settlement and faster services.
- There was only a narrow gap between the expectation and perception level of the respondents.
- The gap between the expectation and perception level of 'Reliability' factor is higher i.e. (0.2375), than the other factors, the company can ensure quality service from the time the individual approaches the company for insurance service.

#### **B. Factors analysis**

To determine the factors that influence the expectation and perception level of service quality of the respondents of both the health insurance companies, the factor analysis was done. For the purpose, Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy (MSA) and Bartlett's Test of Sphericity were applied and the appropriateness of data for factor analysis was tested.

Ho: There is no significant difference in the customer perception regarding service quality of both the public and private sector health insurance companies

#### **New India Assurance Company:**

- The factors generated had Eigen values between 1.108 and 14.171. The values of communalities ranged from 0.539 to 0.810 for various statements which means that factor analysis extracted a good amount of variance in the statements.

- The five factors of service quality such as Tangibility, Reliability, Responsibility, Assurance and Empathy accounted for 69.45 percent of explained variance which is higher than the normal value of 50 percent. This indicates that there is scope for the New India Assurance Company to improve the quality of service delivery in order to ensure higher level of customer satisfaction.

**Bajaj Allianz General Insurance Company:**

- The factors generated had Eigen values between 1.119 and 12.012. The values of communalities ranged from 0.562 to 0.813 for various statements which means that factor analysis extracted a good amount of variance in the statements.
- The five factors of service quality such as Tangibility, Reliability, Responsibility, Assurance and Empathy accounted for 72 percent of explained variance which is higher than the normal value of 50 percent. This indicates that there is scope for Bajaj Allianz General Insurance Company to improve the quality of service delivery in order to ensure a higher level of customer satisfaction.

**FACTORS THAT CONTRIBUTE FOR SATISFACTION OF SERVICE QUALITY**

The factors that contribute for the satisfaction of service quality by the health insurance policy holders of both the companies are identified and are presented in the table – 15.

**TABLE – 15 FACTORS THAT CONTRIBUTE FOR SATISFACTION OF SERVICE QUALITY**

<b>New India Assurance Company</b>	<b>Bajaj Allianz General Insurance Company</b>
Flexible premium payment schedule	Flexible premium payment schedule
Prompt service	Accurate records to the customers
Efficient grievance handling mechanism	Prompt service
Hassle free claims settlement	Efficient grievance handling mechanism
Faster service	Hassle free claims settlement
Approaches from customers point of view	Informed about service performed and price charged
Knowledge and competence to solve problem	Physical appearance of the staff

Convenient branch locations	Convenient branch locations
Information availability	Latest technology in providing services
Trustworthy and honest	Information availability
Clarity in explaining policy's terms and conditions	Approaches from customer's point of view
Concern and understanding of customer's problem	Knowledge and competence to solve problem
	Not misuse personal information

## 5.2 SUGGESTIONS

Though the gap analysis shows a very narrow gap between expectation and perception, the following suggestions might be considered to eliminate the gap.

### **New India Assurance Company:**

- ✓ The company can improve its tangibles like the ambience of the branch offices can be improved, apply modern technologies and communicate the information in a better way in order to meet the expectation level of its policy holders.
- ✓ To improve the quality of service delivery and to achieve higher level of customer satisfaction, the company can concentrate on introducing measures such as disclosing accurate records to its customers, simplification of policy procedures and informing the customers about new charges clearly with no hidden information and ensuring quality service from the time the individual approaches the company for insurance service.

### **Bajaj Allianz General Insurance Company:**

- ✓ The company can try to flexible the premium payment schedule and provide accurate records to its customers.
- ✓ To improve the quality of service delivery and to achieve a higher level of customer satisfaction, the company can concentrate on introducing measures such as providing faster service, training up its agents and other employees to explain the terms and conditions clearly, simplification of claim settlement procedures and understand the customer's problem to solve their grievances.

### 5.3 CONCLUSION

The health industry in India is among the world's most prolific ones, with a large untapped potential existing for public and private insurers. The health insurance segment has picked up pace in the last two fiscals and is set to reach new heights in the coming few years. Due to increasing health care costs and awareness, the segment is expected to grow further with gross premiums estimated to scale up at a compounded annual growth rate of around 32% during FY2011 – FY2014. 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 critical component of competitiveness in the recent phenomenon.

The current study aims to evaluate the service quality of select health insurance companies in India i.e. New India Assurance Company and Bajaj Allianz General Insurance Company. Customers awareness about different health insurance policies, service quality expectation and perception level of policy holders and the factors influencing service quality of the firms form part of the study. To support the objectives of the study SERVQUAL technique was adopted by using 22 variables grouped under five dimensions – Tangibility, Reliability, Responsiveness, Assurance and Empathy using 7 points Likert scale. This was based on the SERVQUAL tool developed by Parasuraman et al (1988). The findings of the study revealed that in New India Assurance Company, the perception level of the respondents exceeds the expectation level in 'Assurance' factor, showing that the respondents are highly satisfied with the assurance factor and the gap between the expectation and perception level of 'Tangibility' factor is higher i.e. (0.0500). The five factors of service quality accounted for 69.45 percent indicates that there is scope to improve the quality of service delivery. In Bajaj Allianz General Insurance Company, The gap score is very less in 'responsibility' it reveals that customers are highly satisfied with their responsiveness and the gap between the expectation and perception level of 'Reliability' factor is higher i.e. (0.2375), than the other factors. The five factors of service quality accounted for 72 percent indicates that there is scope to improve the quality of service delivery. Of the two companies, New India Assurance Company and Bajaj Allianz General Insurance Company, Bajaj Allianz seems to be the frontrunner in the delivery of quality insurance service.