

## **CUSTOMER SATISFACTION ON SERVICES RENDERED BY LIFE INSURANCE COMPANY IN BANGLADESH: A STUDY IN BARISHAL CITY**

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### **Abstract**

Over the last few years, developments in the insurance sector have resulted in fundamental changes in the way the business is conducted. Customer service today has become the focal point of insurance companies. Due to increasing competition in insurance sector, understanding the customer satisfaction about service quality is becoming indispensable. This study attempts to identify the factors of service quality, such as assurance, reliability, accessibility, and transparency that affect customer satisfaction level of life Insurance companies in Barisal City. A sample of 60 respondents was taken for this study on convenience. Conducting descriptive statistics of the variables in Statistical Package for Social Science (SPSS), it was found that majority of the respondents have positive perceptions of service delivery, assurance, flexibility of services rendered by the life insurance companies in Barishal city. However, the respondents' attitude regarding reliability and transparency stays below average perceptions of overall service quality indicating that the companies should give more emphasis on improving these two important attributes.

**Key Words:** Customer satisfaction, Life insurance, Service, Service quality.

### **Introduction**

Due to increasing competition in insurance sector, understanding the customer perception about service quality is becoming indispensable (Aashish S. Jani, 2014). Over the years, the insurance industry has provided succor to person and business that experience disaster in varying proportions (A. B. Sogunro, 2013). It played a positive role in stimulating activities in all areas of human life and investment with economic importance of reducing the financial implication of disasters. Customer satisfaction is a business term, it is a measure of how products and services supplied by a company meet or surpass customer expectation. In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy that drives successful private sector business (Selvarani, 2017).

According to Fecikova, I., 2004), "Customer satisfaction (CS) has become an important issue for commercial and public service organizations". Company's win or lose is based on what percentage of their customers they can keep. Success is largely about retention of customers, which again depends on CS level. Customer satisfaction is indeed an intangible concept. As stated, the actual manifestation of satisfaction would differ from person to person and product/service to product/service (Kalpesh & Preeti J. P., 2018).

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Satisfaction means a pleasant feeling that a person gets when he or she receives something he or she wanted, or when he/she has done something he/she wanted to do (Cambridge Dictionary). In general, satisfaction is a person's feelings of pleasure or disappointment that result from comparing a product's perceived performance or outcome to expectations. If the performance falls short of expectations, the customer is dissatisfied. If performance matches expectations, the customer is satisfied.

Satisfaction can be conceptualized as either an emotional or cognitive response. Satisfaction is viewed as a judgment that depends on cognitive frames of references. Satisfaction is a psychological term largely understood to define gratification one feels when one's desire, need or expectations are fulfilled. This gratification is highly subjective and varies with people and also with situations. The state of satisfaction is dependent on both psychological and physical variables. Satisfaction is viewed as a latent construct that is not observed directly and can only be estimated through indicators (Kalpesh and Preety, 2018).

Satisfaction is also considered to be a direct outcome of product/service performance. According to Bowen, J.T. and Chen, S. (2001), "Satisfaction is a conscious evaluation or cognitive judgment that the product has performed relatively well or poorly or that the product was suitable or unsuitable for its use/purpose".

Thus we conclude that Customer Satisfaction is a buyer's emotional or cognitive response post- subjective assessment and comparison of pre-purchase expectations and actual performance subsequent to the consumption of the product or service; meanwhile evaluating the costs incurred and benefits reaped in a specific purchase event or overtime in course of transacting with an organization.

Customer satisfaction has been researched extensively and as has been put by many researches, satisfaction of the customer is indispensable for the retention and loyalty of respondents and contented respondents serve as excellent sales people. Customer satisfaction is one of the most important factors responsible for the sustained growth and profitability of organizations. Application of concept of customer satisfaction provides numerous benefits to the organizations side by side customer retention, customer loyalty, repurchase intentions, and business performance. The literature of attitude and satisfaction of life insurance policyholders have largely focused on factors anticipating these states of mind. Factors, such as respondents' perceived value satisfaction and purchase decision-making responsibility have been considered as most imperative on attitude and perception of life insurance policyholders.

Borah, S. analyzes the service quality perception of 50 respondents in Jorhat chosen from Kotak Mahindra Life Insurance Company to access their satisfaction level and also identify service factors which have the maximum impact on respondents' satisfaction. He used non- probabilistic judgment-cum-convenience sampling technique to choose the sample; the finding shows that most of the respondents are satisfied. According to Oliver and Swan (1989) Consumer satisfaction is a judgment that a product or service feature or the product or service itself provided (or is

providing) a pleasurable level of consumption related fulfillment including levels of under or over fulfillment. Unlike other financial institutions, Life Insurance Companies have not proliferated in Barishal though it's a major city in Bangladesh.

In this regard, this study attempts to find out customer satisfaction regarding service quality attributes of Life Insurance Companies in Barishal city. The objectives of the study are as follows:

- To determine the factors that lead to customer satisfaction of the service rendered by the life insurance company in Barishal city.
- To figure out the socio-economic profile of life insurance customers in Barishal city.
- To find out customer average perceptions regarding service quality attributes of the life insurance companies in Barishal city.

## Methodology

### Research Model

The study adopts quantitative data technique from the respondents who has the insurance in the life insurance company in Barishal city for the study. Most popular questionnaire method is used for the analysis focusing on the response of the respondents obtained from the questions.

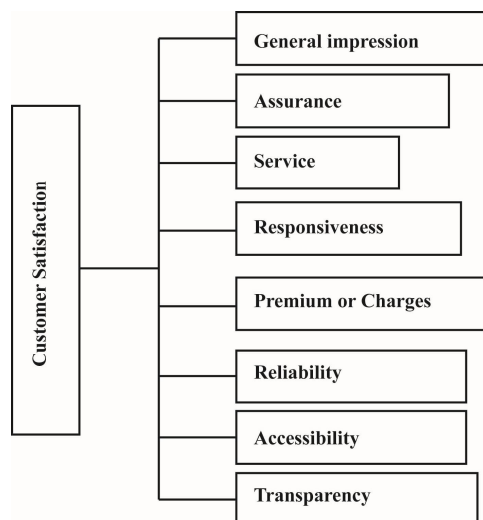


Figure 1. Research Model

### Sample size and data collection

Researchers choose Barishal city for conducting this study because of easy accessibility and convenient transportation for collecting data from the clients of various insurance companies in Barishal city and the data were mainly collected from the primary sources. With the difficulty of reaching insurance policy holders instant on service center, a total of 60 respondents from 10 insurance companies filled in the questionnaire.

### Variable Description

Based on previous literature on customer satisfaction, 30 statements selected as attributes by classified into eight factors are expressed as variables, namely and it is found that these factors are very much interlinked for measuring on service rendered by life insurance company.

**Table 1. Factors and Attributes**

Factors	Codes	Attributes
General Impression	A1	It is easy to contact and communication with the Insurance Authority's employees (by phone and email).
	A2	The senior management and employees' initiative to attend to the respondents' needs and develop the services rendered to the respondents.
	A3	There has availability of utilities (parking, waiting places and public conveniences...etc.).
Assurance	A4	Customer's safety and security for transaction.
	A5	Adequate number of regular meetings with agents.
	A6	Convenience in payment of premium on due date.
	A7	Agents' ability to give truthful advice on tax benefits.
Service	A8	Services branded for quality (legislations & laws, Registration & licensing, Inspection...etc).
	A9	There has clarity and accuracy of service procedures.
	A10	There is the Enhancement of technological capability.
	A11	There is availability of manuals, documents and information relevant to the services.
Responsiveness	A12	Company's employees' are efficient and have proper knowledge.
	A13	Availability of employees and agents in case of need.
	A14	Availability of top officials in case of need.
	A15	Staff of branch is polite and co-operative.
	A16	Settlement of respondents claim without delay.
	A17	Company service representatives (CSRs) adhere to professional standards of skills
Premium or Charges	A18	Premium paid is too low as compared to the benefits derived.
	A19	I am satisfied with the present rate of return on my investments given by the company.
	A20	Reasonable penalty charged for late premium payment.
Reliability	A21	Accurate & error free information on records.
	A22	It promotes ethical conduct in everything it does.
	A23	It is providing promised services as per the set schedule.
	A24	Timely revival of lapsed policies, change of nominations, addresses and mode of premium payment etc.

**Table 1. Cont'd.**

Accessibility and Flexibility	A25	Easy accessibility to information on the services.
	A26	Company is using new and modern techniques for the clients.
	A27	Company has the Suitability of services as to procedures, duration, and meeting respondents' needs.
	A28	There is extent of flexibility in dealing.
Transparency	A29	Availability of the necessary information on prerequisites of getting the Insurance Authority's services.
	A30	company's extent of making respondents aware of the services.

### Techniques and Data Analysis Tool

A convenient sampling technique was used to see whether the respondents are satisfied with the service of life insurance company or not. In order to analyze the satisfaction level, demographic characteristics, mean values, standard deviations are calculated by using M.S. Excel and SPSS version 20.

### Results and Discussion

From the Table 2, it is revealed that, about 40% of the respondents are the age group of 31-40 years, whereas the other age group respondents' percentages are very low which is 33%, 20%, 1.7%, and 5% only. Most of the respondent are male (63.3%) and are married (66.7%). Moreover, majority of the respondents are graduate (51.7).

**Table 2. Demographic Characteristics of the respondent**

Demographics	Frequency	Percent	Cumulative Percent
<b>Age (in years)</b>			
Below 30	20	33.3	33.3
31-40Years	24	40.0	73.3
41-50Years	12	20.0	93.3
51-60Years	1	1.7	95
60Years and above	3	5.0	100
<b>Gender</b>			
Male	38	63.3	63.3
Female	22	36.7	100.0
<b>Education level</b>			
Undergraduate	25	41.7	41.7
Graduate	31	51.7	93.3
Post Graduate	4	6.7	100.0
<b>Occupation</b>			
Student	6	10.0	10.0
Service	20	33.3	43.3
Self Employed	18	30.0	73.3
Others	16	26.7	100.0
<b>Marital Status</b>			
Unmarried	20	33.3	33.3
Married	40	66.7	100.0
<b>Income</b>			
Below 15000	8	13.3	13.3
15000-20000	16	26.7	40.0
20000-25000	16	26.7	66.7
25000 and above	20	33.3	100.0

**Table 2 . Cont'd.**

<b>Savings</b>			
Up to 10%	21	35.0	35.0
11-20%	26	43.3	78.3
21-30%	11	18.3	96.7
Above 30%	2	3.3	100.0
<b>Policy</b>			
One	43	71.7	71.7
Two	13	21.7	93.3
More than Two	4	6.7	100.0
<b>Premium</b>			
Below 3000	32	53.3	53.3
3000-4000	16	26.7	80.0
4000-5000	8	13.3	93.3
5000 and above	4	6.7	100.0

Furthermore, 33.3% of the respondents are occupying the service, and others (66.7%) are occupying different professions as shown in category and 33.3% have monthly income above 25000. Approximately 43.3% of respondents maintain savings between 11-20% of their income. Business profile of life insurance sector in Barishal city reveals that majority of respondents (71.7%) have only one policy and are paying premium, whereas most of them (53.3%) have very less premium amount which is below 3000. (Table 2).

The descriptive statistics has been used to find out the mean(Mean value) reactions and variations (Standard Deviation) in responses on both perception as well as expectation. The overall mean value of consumer satisfaction is 3.47, indicating that the respondents have positive General Impression of insurance services in Barishal city. The General Impression factor consists of three statements i.e., A1, A2, and A3. In case of Assurance Factor, respondents are satisfied about the assurance given by the company except the value of A5 (i.e., Adequate number of regular meetings with agents), since the mean value of A5 is less than the overall mean value. Overall, respondents are satisfied about the service component given by the life insurance company which is greater than the overall mean value except A10 (i.e.,there is the enhancement of technological capabilities).

**Table 3. Analysis of meanvalue of customer satisfaction**

Sl. No.	Factors	Attribute	Consumer's Mean value	Standard Deviation	*Overall Mean Value	Result
1.	General Impression	A1	3.75	.93201	3.47	**S
2.		A2	3.63	1.00788	3.47	S
3.		A3	3.50	1.18608	3.47	S
4.	Assurance	A4	3.65	1.00549	3.47	S
5.		A5	3.03	1.26178	3.47	**NS
6.		A6	3.65	1.07080	3.47	S
7.		A7	3.71	1.09066	3.47	S

**Table 3. Cont'd.**

8.	Service	A8	3.50	1.18608	3.47	S
9.		A9	3.75	.91364	3.47	S
10.		A10	3.06	1.16250	3.47	NS
11.		A11	3.80	.97076	3.47	S
12.	Responsiveness	A12	3.25	1.39764	3.47	NS
13.		A13	3.23	1.21246	3.47	NS
14.		A14	3.06	1.32597	3.47	NS
15.		A15	3.98	.91117	3.47	S
16.		A16	3.48	1.09689	3.47	S
17.		A17	3.70	1.12446	3.47	S
18.	Premium or Charges	A18	2.75	1.29700	3.47	NS
19.		A19	3.15	1.36326	3.47	NS
20.		A20	3.21	1.29001	3.47	NS
21.	Reliability	A21	2.81	1.11221	3.47	NS
22.		A22	3.48	1.03321	3.47	S
23.		A23	3.73	1.14783	3.47	S
24.		A24	3.03	1.23462	3.47	NS
25.	Accessibility and Flexibility	A25	3.53	1.03280	3.47	S
26.		A26	3.61	1.20861	3.47	S
27.		A27	3.90	1.10008	3.47	S
28.		A28	4.03	1.07304	3.47	S
29.	Transparency	A29	3.46	1.28177	3.47	NS
30.		A30	3.88	.97584	3.47	S

**Note:**  
\* The overall mean value of factors of customer satisfaction of this study is (104.3833/30= 3.47)  
\*\* S= Satisfied & NS= Not Satisfied

In case of responsiveness, respondents in factors, such as A15, A16, and A17 possess above average perception than overall customer satisfaction of insurance service, whereas attributes, such as A12, A13, and A14 carry less than the overall indicating a mixed perception of such factor exist. However, respondents are not satisfied about the premium or charges given by the company. They think that they are paying more than benefits to be received from such premium.

In reliability, respondents also revealed mixed reactions just like the case of responsiveness. On the other hand, respondents are highly satisfied with company's accessibility and flexibility in comparison with overall customer satisfaction (the overall value 3.53, 3.61, 3.90, 4.03 > 3.47). In Transparency Factor, half of the respondents think that, the companies maintain less transparency.

Table 4 shows two measures of dispersion, Skewness, and Kurtosis, of responses regarding components of customer satisfaction of Life Insurance Companies in Barishal city. All the values of the attributes, results of standard deviation show the averagely small statistical data sample of the respondents. The values of the skewness are within the range of (-1 to +1).

**Table 4. Descriptive statistics of the customer satisfaction (standard deviation analysis)**

Attribute	Skewness		Kurtosis	
	Statistics	Std. Error	Statistics	Std. Error
A1	-.772	.309	.420	.608
A2	-.533	.309	.059	.608
A3	-.504	.309	-.829	.608
A4	-1.100	.309	.897	.608
A5	-.274	.309	-1.015	.608
A6	-.620	.309	-.253	.608
A7	-.540	.309	-.672	.608
A8	-.315	.309	-.829	.608
A9	-1.129	.309	1.612	.608
A10	-.401	.309	-1.027	.608
A11	-.501	.309	-.124	.608
A12	-.195	.309	-1.399	.608
A13	-.054	.309	-1.226	.608
A14	-.261	.309	-1.104	.608
A15	-.940	.309	1.039	.608
A16	-.116	.309	-.993	.608
A17	-.558	.309	-.519	.608
A18	.099	.309	-1.210	.608
A19	-.114	.309	-1.279	.608
A20	-.224	.309	-1.038	.608
A21	-.159	.309	-1.208	.608
A22	-.335	.309	-.751	.608
A23	-.703	.309	-.221	.608
A24	-.289	.309	-.853	.608
A25	-.952	.309	.194	.608
A26	-.760	.309	-.236	.608
A27	-.744	.309	-.428	.608
A28	-1.345	.309	1.543	.608
A29	-.348	.309	-1.084	.608
A30	-.665	.309	-.428	.608

In this Figure, it is shown that, the most of the values of the skewness are within the range of -1 to +1 except the values of the A4, A9, and A28, indicating that the values of most attributes are not departing from normality (Cassie, R. M., 1999). Most of the variables are showing the negative skewed result in this table except the value of A18, indicating that respondent expressed their overall opinion on the positive

aspects (Agree to Strongly Agree) of overall customer satisfaction of life insurance services in Barishal city.

From the above empirical results, in dimension of customer satisfaction, major part of the respondent is satisfied with the service rendered by the Life Insurance in Barishal city. In case of Company's safety and security, 58.3% agree that their information is safe and secure in the LIC. However, in case of reliability and transparency, respondents have mixed satisfaction reactions. From the findings of this study, we can reasonably infer that Company should give more importance in the Reliability and Transparency to improve the efficiency of these two factors.

### Conclusion

Life insurance provides both safety and protection to persons and also encourages savings between people (Nekmahmud Md, 2017). Insurance is a tool by which fatalities of a small number are compensated out of funds collected from plenteous. Insurance is a safeguard against uncertain events that may occur in the future. Company image is the highly important criteria that consumers consider before taking up a life insurance. This study focused on customer satisfaction on service rendered by Life Insurance Company in Barishal city. It is evident from our study that although majority of the respondents are satisfied with the services given at their life insurance companies in Barishal city, but there is lack of confidence in reliability and transparency of services rendered by these companies.

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