

# Customer Preference and Satisfaction Level towards Private Life Insurance Companies: A Study

**Dr R. Krishna Vardhan Reddy**

*Associate Professor*

*Badruka College P.G.Centre, Kachiguda, Hyderabad-27*

[rkvreddy.badruka@gmail.com](mailto:rkvreddy.badruka@gmail.com)

---

## **ABSTRACT:**

Customers are the lifeblood of any company, whether it's a product or a service. Customer focus is something of a trademark for companies today. To maintain this alignment, you must first understand customer preferences and satisfaction levels. The survey examines customer preferences as well as satisfaction with private life insurance companies. The purpose of this study is to provide a comprehensive understanding of the factors that influence customer decision-making in this competitive insurance market. This study was conducted using a sample of 100 customers. This research paper combines quantitative and qualitative responses from a diverse sample of policyholders from selected private insurance companies. This study identifies the key determinants of customer satisfaction, including service quality, breadth and flexibility of product offering, claims efficiency and pricing structure. Through statistical analysis, this study shows that personalized service and transparent communication is the main key area to increasing customer satisfaction. It was found that customers strongly prefer companies with a good reputation for reliability and financial stability, suggesting that trust is an important factor in the decision-making process. Additionally, the study examined the alignment between customer expectations and actual service delivery, revealing significant gaps in areas such as response times, complaint handling, and customer service. These gaps highlight potential areas for improvement and innovation. Qualitative findings provide a deeper understanding of the customer experience and show that emotional factors such as the service provider's perceived safety and empathy also play an important role in customer satisfaction. Result suggests that private life insurance companies should focus on personalized and transparent interactions to foster customer loyalty. By addressing identified service gaps and improving the overall customer experience, companies can increase their competitive advantage in the market. Research provides valuable insights for insurance companies looking to refine their customer satisfaction strategies to ultimately improve customer retention and contribute to business growth.

**Keywords:** *Private life insurance, Customer preferences, Customer satisfaction, service quality, Customer Loyalty, Service process, Settlement of claims.*

## **1. INTRODUCTION:**

In the competitive and dynamic landscape of the insurance industry, understanding customer preferences and satisfaction levels has become a very crucial for private life insurance companies which are striving to achieve not only the sustained growth but also market dominance. Its needless say that Life insurance, is a critical component of financial planning, which provides individuals and families with financial security and as well as the peace of mind. The progression of the insurance sector has been manifested by increased privatization and the entry of many private players, which is intensifying the competition further. Private life insurance companies have introduced an assortment of novel products and services to cater to the assorted needs of customers. On the other hand, this propagation of options has also raised the bar for customer expectations regarding product features, pricing, service quality, and claim settlement processes.

Customer satisfaction in the insurance sector is regarded as multidimensional, encircling essentials such as the efficiency of service delivery, the perceived value of insurance products, and the by and large customer experience. Sky-scraping satisfaction levels are regarded as crucial, because they lead to customer loyalty, and eventually, the financial success of the insurance company. On the contrary, customer dissatisfaction can upshot in customer attrition, harmful reviews, and a flecked brand image.

In spite of the acknowledged importance of customer satisfaction, many private life insurance companies face several challenges in meeting and exceeding the customer expectations. This discrepancy habitually arises from a lack of understanding of the specific factors that constrain customer preferences and customer satisfaction. For instance, while competitive pricing is considered as a significant factor, some of the aspects like personalized service, open communication, and claim settlement processes play crucial roles in determining customer perceptions.

This research study aims to bridge the gap by providing a inclusive analysis of customer preferences and satisfaction levels towards private life insurance companies. With mixed-methods approach, the research has captured both quantitative data from a broad sample of policyholders and qualitative insights through interviews. This research methodology ensures a holistic understanding of policy holder's attitudes and experiences.

The objectives of research identifies the main determinants of customer satisfaction, assessing the impact of service quality and product features on customer preferences, and also in evaluating the performance of private life insurance companies. Moreover, the study aims to uncover existing gaps between customer expectations and actual service delivery process, offering actionable insights for companies to enhance service offerings.

The research findings are expected to endow with precious implications for private life insurance companies. By understanding the nuanced needs and preferences of policy holders,

the insurance companies can tailor make their strategies to elevate high customer satisfaction and customer loyalty, such efforts will finally lead to a further not only the robust market position but also the durable success.

As the insurance industry continues to evolve, the capability of private life insurance companies to become accustomed to changing customer preferences and to deliver superior service will be always a key determinant to success. This study contribute to the goal by offering a comprehensive examination of key factors influencing customer satisfaction and finally in providing a roadmap for the private insurance companies to bring into line their practices to match with customer expectations.

## **2. LITERATURE REVIEW:**

The insurance sector has undergone notable transformations in recent decades, driven by regulatory changes, increased competition and rising customer expectations. Understanding and meeting customer expectations and preferences has become an important area of research as it continuously impacts loyalty, retention, and overall business performance (Parasuraman, Zeithaml , & Berry, 1988). Documents related to various aspects such as satisfaction, preferences, product offering, price and customization, payment process, service and quality of service provided are the aspects important basis for this research study to have an overall view of this topic.

Customer satisfaction in the insurance sector is a complex construct influenced by many factors. According to Mittal and Kamakura (2001), customer satisfaction comes from the perception of service quality, product offerings and overall customer experience. The SERVQUAL model proposed by Parasuraman, Zeithaml, and Berry (1988) remains a widely used framework for measuring service quality in various sectors, including insurance. The model identifies five key dimensions according to RATER: reliability, assurance, tangibles, empathy, and responsiveness. In their study of the life insurance context, Sharma and Patterson (1999) emphasized that trust and commitment are important determinants of customer satisfaction. Research shows that customers value the reliability and financial stability of insurance companies, which affects their overall satisfaction and loyalty. Service quality has a direct impact on customer preferences and satisfaction. Zeithaml, Berry, and Parasuraman (1996) show that high service quality leads to increased customer satisfaction, which in turn promotes customer loyalty. This relationship is especially relevant in the insurance industry, where the intangible nature of service requires companies to build strong customer relationships through providing excellent service.

Research by Siddiqui and Sharma (2010) also supports this opinion, arguing that private life insurance companies need to focus on improving service quality to meet customer expectations. Their research shows that factors such as responsiveness, assurance, and empathy are essential in shaping customer preferences and satisfaction. Diversity and customization of product offerings are also important factors affecting customer satisfaction in the insurance industry.

According to research by Tsoukatos and Rand (2006), customers prefer insurance products that fit their specific needs and offer flexibility in terms of policy options and benefits. This customization not only meets the unique requirements of different customer segments but also improves their overall satisfaction and perceived value. The efficiency and transparency of the claim settlement process is an important factor determining customer satisfaction with life insurance companies.

Research by Verma and Kumari (2016) shows that speed and fairness in complaint resolution are important factors determining customer satisfaction. Delays and lack of transparency in the claims process can lead to dissatisfaction and loss of trust in the insurance company. Effective customer service and transparent communication are essential to building and maintaining customer satisfaction. According to Ndubisi (2007), personalized customer service and clear communication help create positive customer experiences and promote loyalty. This is especially important in the insurance industry, where customers seek reassurance and support from their suppliers. Despite the importance of customer satisfaction, many insurance companies still struggle to align their services with customer expectations, there is often a gap between what customers expect and what they receive, leading to dissatisfaction. Identifying and filling these gaps is essential for insurers to improve service delivery and increase customer satisfaction.

### **3. RESEARCH GAP:**

The literature emphasizes the importance of many factors such as product customization, efficient claim settlement, effective customer service, service quality and in determining customer satisfaction in the private life insurance sector. By focusing on these specified areas, private life insurance companies can better meet customer expectations, foster loyalty, and achieve sustained success in the competitive market. Hence the present study is proposed

### **4. RESEACRH METHODOLOGY:**

#### **4.1.a. Objectives of the study:**

- To study the demographic profile of customer and to explore the customer awareness, reasons and preferences towards private life insurance.
- To identify the main factors influencing preference and expectation of life insurance policy holders.
- To study various sources of information about the private life insurance products,
- To analyze the policy holders opinion towards the premium related aspects and other charges
- To find the satisfactory level of policy holder's about returns and expectations about maturity of various life insurance.

**4.1.b. Scope of the study:** The study finds the importance and crucial factors regarding policy holder's preferences. The data collected by the researcher is useful for the company because this study covers income level, purpose of life insurance. The study focuses on identifying present potential of the company's product and aims at identifying the best set promotional activity to be carried to improve the sales.

#### **4.2 Sources of the data:**

**4.2.a. Primary Data:** Primary data was collected directly through close ended questionnaire and structured interviews, most valuable data from the respondents was gathered through these processes.

**4.2.b. Secondary Data:** The present study even used the secondary data collected from the sources like company website, journals, books, thesis, newspapers, magazines and reports.

**4.2.c. Sampling Process:** A structured questionnaire and interview process has been used for the purpose of collecting responses from the customers. non probability, convenient and judgmental sampling has been used.

**4.2.d. Sample size:** Educated customers with different demographic features were targeted for administering the questionnaires and illiterates and busy customers with different demographic features were targeted for interviews process to collect the responses. A sample size consisting of 100 respondents spread across the twin cities of Hyderabad and Secunderabad were chosen for the study.

**4.2.e. Data collection Instrument:** The Questionnaire method of data collection is fairly popular, predominantly in case of full-size enquiries. Questions linked to objectives of the study, outline major portion of the questionnaire. It largely consists of multiple choice questions so that respondent can mark one of the several choices of answers.

#### **4.2.f. Sampling Unit:**

The sampling unit rate for selecting the sampling for the study is from selected places.

**4.2.g. Selected Insurance Companies:** The selected private life insurance companies taken for samples are, ING Vysya Life, ICICI Prudential, HDFC Standard Life, TATA AIG Insurance, Max New York Life

**4.3. DATA ANALYSIS AND PRESENTATION:** First the data was classified and tabulated. Percentages have been calculated wherever necessary for better appreciation and interpretation. Simple percentages are used for data analysis. The inferences were drawn based on the analyzed data.

**Table 1: Demographic profile of the respondents**

<b>Factors</b>	<b>Classification</b>	<b>Respondents</b>	<b>Percentage</b>	<b>Cumulative Percentage</b>
<b>Gender</b>	<i>Male</i>	68	68%	68%
	<i>Female</i>	32	32%	100%
<b>Age</b>	<i>Below 20 Yrs</i>	29	29%	29%
	<i>21-30 Yrs</i>	36	36%	65%
	<i>31-40 Yrs</i>	22	22%	87%
	<i>Above 40 Yrs</i>	13	13%	100%
<b>Marital Status</b>	<i>Married</i>	53	53%	53%
	<i>Unmarried</i>	47	47%	100%
<b>Educational Qualification</b>	<i>Illiterate</i>	12	12%	12%
	<i>School level</i>	27	27%	39%
	<i>Graduate</i>	42	42%	81%
	<i>Other</i>	19	19%	100%
<b>Occupation</b>	<i>Professional</i>	27	27%	27%
	<i>Business</i>	26	26%	53%
	<i>Employee</i>	34	34%	87%
	<i>House Wife</i>	13	13%	100%
<b>Family Income (Annual)</b>	<i>Below 50,000</i>	12	12%	12%
	<i>50,001-1,00,000</i>	40	40%	52%
	<i>1,00,001-2,00,000</i>	14	14%	66%
	<i>Above 2,00,000</i>	34	34%	100%
<b>Family Size</b>	<i>Below 2</i>	11	11%	11%
	<i>2-3</i>	28	28%	39%
	<i>5-6</i>	44	44%	83%
	<i>Above 6</i>	17	17%	100%

Demographic profile of the respondents shows that research dominates with 68% male respondents and 36% of female respondents. It is found from the research that more than 36 % of respondents are between 21-30 years, and next with 29% respondent are from the age group less than 20 years. Next regarding marital status about 53% are married and about 42% are graduates and the maximum respondents are employees (34%) and in case of annual income of the family,40% of them are under the income of 50,001-1,00,000, and the last one regarding family size the majority (44%) of the respondents belong to the family of 5 to 6 members.

<b>Reasons for taking policy</b>				
<i>Sl. No.</i>	<i>Option</i>	<i>No. of Responses</i>	<i>Percentage</i>	<i>Cumulative percentage</i>
1	Children Education	35	35 %	35%
2	Children Marriage	26	26%	61%
3	Savings and Investments	29	29%	90%
4	Others	10	10%	100%
<b>Total</b>		<b>100</b>	<b>100</b>	-

35% of the respondents wanted to take the policy for educational reasons, 26% of the respondents for their children's marriage, 29% of the respondents wanted to take the policy for savings and investment and 10% of the respondents for other factors such as protection etc.

<b>Insurance plans opted</b>				
<i>Sl. No.</i>	<i>Option</i>	<i>No. of Responses</i>	<i>Percentage</i>	<i>Cumulative percentage</i>
1	Life Protection plan	11	11 %	11%
2	Savings plan	26	26%	37%
3	Investment plan	27	27%	64%
4	Retirement plan	36	36%	100%
<b>Total</b>		<b>100</b>	<b>100</b>	-

Among 100 respondents, 11% of the respondents invested in protection plan, 26% of the respondents in the savings plan, 27% of the respondents took the investment plan, and 36% of the respondents invested in the retirement plan.

<b>Source of information about company and insurance plans opted</b>				
<i>Sl. No.</i>	<i>Option</i>	<i>No. of Responses</i>	<i>Percentage</i>	<i>Cumulative percentage</i>
1	Advertisements	18	18 %	18%
2	Friends and Relatives	24	24%	42%
3	Advisors and Agents	44	44%	86%
4	Others	14	14%	100%
<b>Total</b>		<b>100</b>	<b>100</b>	-

Out of 100 respondents, 18% of the respondents became aware through advertisement, 24% of the respondents got the information through friends and relatives, 44% of the respondents through advisors and agents, 14% of the respondents through other ways such as magazines, newspapers etc.

<b>main factors influencing Life insurance policy holders</b>				
<i>Sl. No.</i>	<i>Option</i>	<i>No. of Responses</i>	<i>Percentage</i>	<i>Cumulative percentage</i>
1	Waiver of Premium	45	45 %	45%
2	Timely Recovery	28	28%	73%
3	Safety and Recovery	22	22%	95%
4	Others	5	5%	100%
<b>Total</b>		<b>100</b>	<b>100</b>	-

About 45% of the respondents are influenced by Waiver of Premium. 28% of the respondents by timely recovery, 22% of the respondents liked the safety and security provided by the life insurance policies and 5% of the respondents liked other factors such as social status etc.

<b>policy holder's preference towards payment of premium</b>				
<i>Sl. No.</i>	<i>Option</i>	<i>No. of Responses</i>	<i>Percentage</i>	<i>Cumulative percentage</i>
1	Monthly Mode	19	19 %	19%
2	Quarterly Mode	17	17%	36%
3	Half Yearly Mode	33	33%	69%
4	Yearly Mode	31	31%	100%
<b>Total</b>		<b>100</b>	<b>100</b>	-

Among 100 respondents, 19% of the respondents preferred monthly mode, 17% of the respondents preferred the quarterly mode, 33% of the respondents preferred half yearly mode and 31% preferred yearly mode.

<b>premium paid through</b>				
<i>Sl. No.</i>	<i>Option</i>	<i>No. of Responses</i>	<i>Percentage</i>	<i>Cumulative percentage</i>
1	Physical at counter	27	27 %	27%
2	Online	73	73%	100%
<b>Total</b>		<b>100</b>	<b>100</b>	-

27% of the respondents paid directly at the counter and 73% of the respondents paid through online mode



### Opinion of policy holder's preference towards the information and details given in advertisement

<i>Sl. No.</i>	<i>Option</i>	<i>No. of Responses</i>	<i>Percentage</i>	<i>Cumulative percentage</i>
1	Adequate	31	31 %	31%
2	Good	42	42%	73%
3	Satisfied	15	15%	88%
4	Poor	12	12%	100%
<b>Total</b>		<b>100</b>	<b>100</b>	-

Among 100 respondents, 31% of the respondents found the advertisements to be highly informative. Hence they rated them as adequate, 42% of the respondents gave the rating as good, 15% of the respondents rated them satisfied and 12% of the respondents rated the ads as poor while imparting information about the policies.

### Getting returns on time

<i>Sl. No.</i>	<i>Option</i>	<i>No. of Responses</i>	<i>Percentage</i>	<i>Cumulative percentage</i>
1	Yes	79	79 %	79%
2	No	21	21%	100%
<b>Total</b>		<b>100</b>	<b>100</b>	-

Among 100 respondents, 79% of the respondents getting returns at right time and 21% of the respondents are not, because of some malpractices.

### Policy holders opinion regarding the services provided

<i>Sl. No.</i>	<i>Option</i>	<i>No. of Responses</i>	<i>Percentage</i>	<i>Cumulative percentage</i>
1	Highly satisfied	39	39 %	39%
2	Satisfied	43	43%	82%
3	Neutral	08	08%	90%
4	Dis-satisfied	08	08%	98%
5	Highly dissatisfied	02	02%	100%
<b>Total</b>		<b>100</b>	<b>100</b>	-

Among 100 respondents, 39% of the respondents are highly satisfied, 43% of the respondents are satisfied, 8% of the respondents are neutral and dissatisfied, and 02% of the respondents are highly dissatisfied.

### Recommendation of about the policies to others

<i>Sl. No.</i>	<i>Option</i>	<i>No. of Responses</i>	<i>Percentage</i>	<i>Cumulative percentage</i>
1	Yes	86	86 %	86%
2	No	14	14%	100%
<b>Total</b>		<b>100</b>	<b>100</b>	-

Among 100 respondents, 86% of the respondents are willing to recommend and 14% of the respondent's unwillingness to recommend, due to their satisfaction level. In the above table, selected companies refer to the survey conducted for the study such as ING Vysya Life, ICICI Prudential, HDFC Standard Life. Tata AIG Insurance, Max New York Life Insurance etc.

**4.4. SUGGESTIONS:** After analyzing the data and considering the interpretations and findings following suggestions are offered:

- Customers prefer private life insurance companies which offer a diverse range of policies which are tailored to meet various life stages and their financial goals. Insurance companies customize plans and add riders to enhance customer satisfaction by providing flexibility and addressing individual needs more effectively to target good number of customers and to make more business.
- As the competitive pricing is a major determinant of customer preference. Transparent pricing models help in building customer loyalty. Customers are not only looking for affordable premiums but also for policies that provide good value for money which includes comprehensive coverage, reasonable premiums, and additional benefits without hidden costs.
- Generally high levels of customer satisfaction are strongly correlated with the quality of service provided by private life insurance companies which includes efficient and transparent communication, prompt claim settlements, and proactive customer support. Private insurance companies can invest in training their staff to be knowledgeable and responsive tend to achieve higher satisfaction scores.
- Since the reputation of an insurance company plays a considerable role in influencing customer preference. Companies with a strong track record of reliability, financial stability, and ethical practices are more likely to gain and retain customer trust. Positive word-of-mouth and high ratings from independent reviews also contribute to building a trustworthy image.
- The integration of digital tools and online platforms has become a critical factor in customer preference. Private life insurance companies can offer seamless digital experiences, such as easy online policy management, mobile apps, and quick access to customer service, which are viewed more favorably by customers. Generally customers appreciate the convenience and efficiency brought about by technological advancements.
- Private insurance companies should invest in educating their customers about different insurance products and their benefits to reap higher satisfaction levels. Customers normally appreciate clear and concise information that will help them make informed decisions. Educational initiatives such as workshops, webinars, informative content on websites, and personalized consultations can be provided to the customers.
- Since the personalized interactions and relationship management contribute significantly to customer satisfaction. Insurance companies can maintain regular, personalized communication with their clients, understand their evolving needs, and provide tailored advice are better positioned to retain customers. As building strong, long-term relationships enhances customer loyalty.

- A straightforward and hassle-free claims process is crucial for maintaining high customer satisfaction. Private life insurance companies can ensure quick, transparent, and fair claim settlements which are highly valued. Customers prefer companies that minimize bureaucratic hurdles and provide clear guidance throughout the claims process.
- It is suggested to have continuous engagement and excellent after-sales service which are vital for sustaining customer satisfaction. Regular follow-ups, policy reviews, and updates about new products or changes in regulations help in keeping customers engaged and informed. This ongoing support fosters not only a sense of security but also the commitment.
- Finally, the private life insurance companies that can demonstrate innovation and adaptability to changing market trends and customer needs tend to have higher customer satisfaction levels. Introducing new products, leveraging technology for better customer experiences, and adapting to regulatory changes swiftly are few important things on which the private insurance companies should extend their arms.

#### **4.5. LIMITATIONS OF THE STUDY:** Some of the limitations of the study include

- Major limitation was time constraints
- The sample size was limited to 100 respondents only.
- The study has geographical limitation, as the research study is limited to twin cities of Hyderabad and Secunderabad only
- The analysis recommendations are generalized may not be applicable to scenarios and conditions.

#### **4.6. SCOPE FOR FURTHER RESEARCH:**

The investigation into customer preferences and satisfaction levels towards private life insurance companies has provided valuable insights, yet there remains considerable scope for further research. Future studies can build on the findings of this research by conducting longitudinal studies to track changes in customer preferences and satisfaction over time would offer a dynamic understanding of how market trends, economic conditions, and regulatory changes impact customer perceptions and behavior. With the increasing adoption of digital technologies in the insurance sector, future research could focus on how digital transformation initiatives, such as the implementation of artificial intelligence, machine learning, and block-chain, affect customer satisfaction and preferences. Investigating the psychological and behavioral factors that influence customer satisfaction and loyalty would provide a more comprehensive understanding of customer decision-making processes. Examining the effectiveness of different marketing strategies on customer satisfaction and loyalty can offer insights into how promotional activities, branding, and customer engagement initiatives influence customer perceptions and behaviors. Analyzing the impact of the policy and regulatory environment on customer satisfaction can provide valuable insights into how changes in regulations, compliance requirements, and industry standards affect customer experiences and trust in private life insurance companies. In light of recent global events such as the COVID-19 pandemic, research could explore how private life insurance companies manage crises and their impact on customer satisfaction.

Investigating the influence of sustainability and ethical practices on customer satisfaction and loyalty can shed light on the growing importance of corporate social responsibility in the insurance sector. Researching the impact of innovative product development on customer satisfaction can help insurance companies understand the potential of new insurance products, such as those tailored for emerging risks (e. This will not only enhance the theoretical understanding of customer satisfaction and preferences but also contribute to the practical strategies that companies can implement to improve their service offerings and customer relationships.

## **REFERENCES:**

- Mittal, V., & Kamakura, W. A. (2001). Satisfaction, repurchase intent, and repurchase behavior: Investigating the moderating effect of customer characteristics. *Journal of Marketing Research*, 38(1), 131-142.
- Ndubisi, N. O. (2007). Relationship marketing and customer loyalty. *Marketing Intelligence & Planning*, 25(1), 98-106.
- Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality. *Journal of Retailing*, 64(1), 12-40.
- Sharma, N., & Patterson, P. G. (1999). The impact of communication effectiveness and service quality on relationship commitment in consumer, professional services. *Journal of Services Marketing*, 13(2), 151-170.
- Siddiqui, M. H., & Sharma, T. G. (2010). Measuring the customer perceived service quality for life insurance services: An empirical investigation. *International Business Research*, 3(3), 171-186.
- Tsoukatos, E., & Rand, G. K. (2006). Path analysis of perceived service quality, satisfaction and loyalty in Greek insurance. *Managing Service Quality*, 16(5), 501-519.
- Verma, H. V., & Kumari, R. (2016). Service quality in life insurance: An empirical study of customer's perceptions in Indian context. *International Journal of Business Excellence*, 10(1), 120-135.
- Zeithaml, V. A., Berry, L. L., & Parasuraman, A. (1996). The behavioral consequences of service quality. *Journal of Marketing*, 60(2), 31-46.