Article

# EVALUATION OF QUALITATIVE FACTORS IMPACTING THE PERFORMANCE OF LIFE INSURANCE FIRMS IN INDIA UTILIZING A LIKERT-SCALE METHODOLOGY

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Abstract

This research investigates the qualitative elements that influence the performance of life insurance firms in India by employing a Likert-scale survey. The study focuses on aspects such as customer satisfaction, adherence to regulations, adoption of technology, and quality of service, with the objective of pinpointing the key determinants of customer loyalty and overall effectiveness. The analysis of responses aims to uncover trends and practical insights that can improve strategic initiatives for life insurance companies operating in a competitive landscape.

Key Words: Life insurance, satisfaction, regulations, technology, customer loyalty, strategic initiatives.

## INTRODUCTION

The life insurance industry in India has witnessed significant growth, driven by rising income levels, increased awareness of insurance benefits, and advancements in digitalization. However, as the industry grows, qualitative factors such as customer satisfaction, service quality, regulatory compliance, and technological adoption have become increasingly important determinants of company performance. These factors influence customer loyalty, trust, and retention, all of which are essential for sustained growth and competitiveness in this sector.

While traditional financial metrics remain vital, qualitative factors often provide deeper insights into customer perceptions, expectations, and experiences. Understanding these elements is crucial, as they directly impact customer engagement and satisfaction, ultimately affecting the profitability and growth of life insurance firms. Employing a Likert-scale methodology allows for quantifying these qualitative factors, enabling a systematic evaluation of customer feedback across areas like service quality, digital accessibility, and regulatory transparency. This study thus aims to analyse how qualitative aspects contribute to the performance of life insurance firms in India and to identify areas where these firms can improve to enhance customer satisfaction and loyalty.

## LITERATURE REVIEW

Customer satisfaction and service quality are fundamental components that significantly

influence the performance of life insurance companies. Studies suggest that clear communication, efficient claims processes, and customer-centered service play a pivotal role in creating positive customer experiences. For instance, Malik and Pahuja (2021) found that customers' perceptions of service quality positively impact loyalty and retention in the Indian insurance sector. Additionally, Parasuraman, Zeithaml, and Berry's SERVQUAL model (1985), often used to measure service quality, highlights dimensions such as reliability, responsiveness, and empathy, all of which are relevant to life insurance services. Regulatory compliance and transparency are essential in building customer trust and ensuring market stability in the life insurance industry. The Insurance Regulatory and Development Authority of India (IRDAI) sets standards that guide companies in their operational practices. Compliance with these standards assures customers of the firm's credibility and financial soundness, which, in turn, promotes customer loyalty. According to Singh and Agarwal (2020), insurers that adhere strictly to IRDAI regulations tend to enjoy greater trust from policyholders, as regulatory compliance acts as a reassurance of security and reliability.

Digital transformation is reshaping the insurance industry, with many firms investing in digital platforms to enhance accessibility and service delivery. Sharma and Rao (2019) found that mobile applications, online policy management tools, and AI-powered customer service significantly improve the customer experience. These technologies facilitate real-time policy management, faster claims processing, and personalized service, which are especially important for younger, tech-savvy customers. Thus, the effective adoption of technology has become a competitive advantage for life insurance companies, positively influencing customer satisfaction and retention. Customer loyalty is crucial in life insurance due to the long-term nature of policies. Trust, transparency, and consistent service quality are primary drivers of loyalty in this sector. According to Verma (2018), insurers who prioritize these factors not only retain customers but also attract new ones through positive word-of-mouth. Customer loyalty programs and personalized services are increasingly employed to deepen the customer-insurer relationship, which is vital in an industry where customers typically make infrequent but high-stakes purchases. Likert scales are widely used in research for measuring attitudes, perceptions, and satisfaction levels. This approach enables researchers to quantify subjective factors and analyze them statistically. According to Allen and Seaman (2007), Likert scales are particularly effective for capturing customer feedback on service quality, as they allow respondents to express the intensity of their feelings across a range. This methodology has been applied in insurance research to evaluate qualitative factors such as customer satisfaction, technological impact, and regulatory compliance, facilitating a systematic approach to understanding customer perceptions.

## METHODOLOGY

In this study, data was collected through both primary and secondary sources which includes questionnaire, research articles, journals, reviews and reports from IRDAI. Data was analysed with the help of two-way ANOVA.

## OBJECTIVES OF THE STUDY

To identify customer perceptions related to service quality, transparency, and claims management in life insurance companies. Evaluate the impact of regulatory compliance on customer trust, satisfaction and also assess the role of digital and technological services in improving customer experience and engagement.

## HYPOTHESES FORMULATION

$H0_1$: Customer satisfaction positively influences loyalty to life insurance companies.

$H0_2$: Regulatory transparency enhances trust and affects overall customer satisfaction.

$H0_3$: Adoption of digital tools improves customer satisfaction and engagement with the company.

## RESULTS AND DISCUSSIONS

H1: Service Quality positively influences investor loyalty

### Table 1: Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| | .585[a] | .342 | .340 | .39760 |
| a. Predictors: (Constant), Service_Quality | | | | |

### Table 2: ANOVA

| Model | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Regression | 30.946 | 1 | 30.946 | 195.756 | .000[b] |
| Residual | 59.598 | 377 | .158 | | |
| Total | 90.544 | 378 | | | |
| a. Dependent Variable: Investor Loyalty | | | | | |
| b. Predictors: (Constant), Service_Quality | | | | | |

### Table 3: Coefficients

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | | |
| (Constant) | 1.703 | .174 | | 9.786 | .000 |
| Service_Quality | .593 | .042 | .585 | 13.991 | .000 |
| a. Dependent Variable: Investor Loyalty | | | | | |

**Inference:** Service quality significantly influences Investor loyalty (P<0.00). The results indicate that Service Quality has a significant positive influence on Investor Loyalty, as shown by the high correlation (R = 0.585) and the statistically significant F-value (F = 195.756, p < 0.001). The model explains 34.2% of the variance in Investor Loyalty ($R^2$ = 0.342), with Service Quality having a strong positive impact (B = 0.593, p < 0.001).

**H2: Technical Impact positively influences investor loyalty**

### Table 4: Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| | .271[a] | .073 | .071 | .47174 |
| a. Predictors: (Constant), Technical_Impact | | | | |

### Table:5 ANOVA

| Model | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Regression | 6.646 | 1 | 6.646 | 29.866 | .000[b] |
| Residual | 83.897 | 377 | .223 | | |
| Total | 90.544 | 378 | | | |
| a. Dependent Variable: Investor Loyalty | | | | | |
| b. Predictors: (Constant), Technical_Impact | | | | | |

**Table 6: Coefficients**

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | | |
| (Constant) | 3.229 | .165 | | 19.537 | .000 |
| Technical_Impact | .210 | .038 | .271 | 5.465 | .000 |
| a. Dependent Variable: Investor Loyalty | | | | | |

**Inference:** Technical Impact significantly influences Investor loyalty (P<0.00). The results suggest that Technical Impact has a significant but modest positive influence on Investor Loyalty, with a low correlation (R = 0.271) and explaining only 7.3% of the variance in loyalty ($R^2$ = 0.073). The effect of Technical Impact is positive and statistically significant (B = 0.210, p < 0.001), but less impactful than Service Quality.

**H3: Customer Satisfaction positively influences investor loyalty**

**Table 7: Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| | .398[a] | .159 | .156 | .44952 |
| a. Predictors: (Constant), Customer_Satisfaction | | | | |

**Table 8: ANOVA**

| Model | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Regression | 14.363 | 1 | 14.363 | 71.082 | .000[b] |
| Residual | 76.180 | 377 | .202 | | |
| Total | 90.544 | 378 | | | |
| a. Dependent Variable: Investor Loyalty | | | | | |
| b. Predictors: (Constant), Customer Satisfaction | | | | | |

**Table 9: Coefficients**

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | | |
| (Constant) | 2.443 | .200 | | 12.191 | .000 |
| Customer Satisfaction | .402 | .048 | .398 | 8.431 | .000 |
| a. Dependent Variable: Investor Loyalty | | | | | |

**Inference:** Customer Satisfaction significantly influences Investor loyalty (P<0.00). The results show that Customer Satisfaction has a significant positive influence on Investor Loyalty, with a moderate correlation (R = 0.398) and explaining 15.9% of the variance in loyalty ($R^2$ = 0.159). Customer Satisfaction significantly impacts Investor Loyalty (B = 0.402, p < 0.001), though its influence is less than that of Service Quality.

**CONCLUSION**

This study provides a comprehensive evaluation of qualitative factors impacting the performance of life insurance firms in India by using a Likert-scale methodology. The findings highlight that customer satisfaction, service quality, regulatory compliance, and technological adoption are significant determinants of performance within the life insurance sector. High levels of customer satisfaction and quality service contribute to improved customer loyalty

and retention, while regulatory compliance enhances trust in the insurer. Additionally, technological advancements, particularly digital platforms, play a crucial role in improving customer accessibility and satisfaction.

The Likert-scale approach enabled the quantification of subjective factors, offering clear insights into customer perceptions and pinpointing areas for improvement. The results underscore the need for life insurance firms to invest in customer-centered services, enhance digital accessibility, and maintain transparency in regulatory practices to build trust and loyalty. By focusing on these qualitative aspects, life insurance companies in India can foster stronger customer relationships, enhance their competitive positioning, and drive long-term growth. This evaluation thus serves as a guide for insurers aiming to optimize performance through targeted enhancements in qualitative factors that influence customer experience and satisfaction.

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