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Service Quality and Customer Satisfaction in Kerala's General Insurance Sector

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Abstract

The study examined customer satisfaction among customers of public- and private-sector general insurance companies in Kerala and assessed the role of service quality in predicting customer satisfaction. A descriptive and analytical research design was adopted, and primary data were collected through a structured questionnaire from 200 general insurance customers, comprising 100 public-sector and 100 private-sector customers. The data were analysed using EDUSTAT with independent-samples t-test, one-way ANOVA, Tukey post-hoc test, Pearson correlation, and regression analysis. The results revealed that private-sector customers had significantly higher customer satisfaction than public-sector customers. Customer satisfaction differed significantly according to monthly family income and area of residence, whereas no significant differences were observed according to gender, age, educational qualification, or occupation. Service quality exhibited a strong positive relationship with customer satisfaction and emerged as a significant predictor, explaining 69.6 per cent of the variance in customer satisfaction. The findings emphasise the importance of service quality in strengthening customer satisfaction and indicate the need for insurers, particularly public-sector companies, to improve responsiveness, accessibility, communication, transparency, and customer-oriented service delivery.

Key Words: General insurance; Customer satisfaction; Service quality

Introduction

Insurance is an important component of the financial system because it provides protection against uncertain financial losses and supports economic stability. General insurance covers a wide range of non-life risks, including motor, health, travel, personal accident, and property-related risks. In India, the general insurance market includes public-sector and private-sector insurers operating in an increasingly competitive environment. The Insurance Regulatory and Development Authority of India (IRDAI, 2026) documents the continuing expansion and diversification of the Indian insurance industry, indicating the importance of service delivery and customer management across competing insurers.

The growth of competition has shifted attention from merely selling insurance products to developing sustainable relationships with policyholders. Customer satisfaction has consequently become an important performance indicator because satisfied customers are more likely to continue their relationship with the insurer, renew policies, and communicate favourable experiences to others. Oliver (1980) explained satisfaction through the expectation-disconfirmation framework, in which satisfaction results from the comparison between customers' expectations and their perceptions of actual performance.

Insurance is a service-intensive business in which customers evaluate not only the policy purchased but also the manner in which the service is delivered. Interactions involving enquiries, premium payment, policy issuance, renewal, complaints, digital support, and claims contribute to the overall customer experience. As service alternatives increase, differences in the quality of these interactions can become a major source of competitive advantage. The comparative assessment of public-sector and private-sector general insurers is therefore relevant for understanding whether differences in service environments are reflected in customer satisfaction.

Background of the Study

Service quality is widely recognised as an antecedent of customer satisfaction. Parasuraman et al. (1988) developed the SERVQUAL framework and identified tangibility, reliability, responsiveness, assurance, and empathy as major dimensions through which customers evaluate service organisations. These dimensions have direct relevance to insurance, where customers expect clear information, dependable transactions, prompt assistance, competent employees, transparent procedures, and appropriate attention to individual needs.

Cronin and Taylor (1992) further demonstrated that perceived service performance is closely related to customer satisfaction. Zeithaml et al. (1996) showed that service quality is also associated with behavioural intentions such as remaining with or leaving a service provider. These findings are important for insurance companies because policy renewal and long-term customer relationships depend not only on the financial characteristics of an insurance product but also on customers' experience of the service process.

Indian studies have similarly highlighted differences in service-quality perceptions across insurance providers. Kumar and Singh (2010), using a modified SERVQUAL approach, compared government-owned and private-sector non-life insurance companies and demonstrated the relevance of service-quality dimensions in evaluating the two sectors. Gautam (2011) also examined customer perceptions of service quality in public- and private-sector insurance companies and reported meaningful sectoral differences. In the Indian insurance context, Ramamoorthy et al. (2018) found that reliability and responsiveness were particularly important for customer satisfaction and behavioural intentions.

Kerala provides an appropriate setting for examining these issues because customers have access to both public-sector and private-sector general insurance companies and interact with them through branch offices, intermediaries, digital platforms, and customer-service channels. The present study therefore compares customer satisfaction between public-sector and private-sector general insurance customers in Kerala, examines whether satisfaction varies across selected demographic characteristics, and evaluates the predictive role of service quality.

Research Questions

1. Does customer satisfaction differ significantly between customers of public and private general insurance companies in Kerala?

2. Does customer satisfaction differ significantly across selected demographic characteristics of general insurance customers in Kerala?

3. Does service quality significantly influence customer satisfaction among customers of general insurance companies in Kerala?

Research Objectives

1. To compare customer satisfaction between customers of public and private general insurance companies in Kerala.

2. To examine differences in customer satisfaction across selected demographic characteristics of general insurance customers in Kerala.

3. To examine the influence of service quality on customer satisfaction among customers of general insurance companies in Kerala.

Hypotheses

1. Customer satisfaction differs significantly between customers of public and private general insurance companies in Kerala.

2. Customer satisfaction differs significantly across selected demographic characteristics of general insurance customers in Kerala.

3. Service quality significantly influences customer satisfaction among customers of general insurance companies in Kerala.

Methodology

The study adopted a descriptive and analytical research design to compare customer satisfaction between public-sector and private-sector general insurance companies in Kerala and to examine the role of service quality in determining customer satisfaction. The population of the study consisted of customers of public-sector and private-sector general insurance companies in Kerala who held at least one active general insurance policy. A total sample of 200 respondents was included, comprising 100 customers of public-sector general insurance companies and 100 customers of private-sector general insurance companies. The two categories were maintained as separate strata to ensure balanced representation for the comparative analysis.

Primary data were collected using a structured questionnaire. The first section collected selected demographic and insurance-related information. Service quality was measured through 42 statements on a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The scale covered tangibility and accessibility, reliability, responsiveness, assurance, empathy and customer orientation, digital and communication service quality, and claims service quality. Customer satisfaction was measured through 20 statements on the same five-point scale, with higher scores representing higher satisfaction.

The collected data were coded, classified, tabulated, and analysed using EDUSTAT. Mean and standard deviation were used where required. An independent-samples t-test was employed to compare customer satisfaction between public-sector and private-sector customers and to examine gender-based differences. One-way analysis of variance (ANOVA) was used to examine differences in customer satisfaction across age, educational qualification, occupation, monthly family income, and area of residence. Tukey's post-hoc test was used only for demographic variables that produced statistically significant ANOVA results. Pearson correlation and regression analysis were employed to examine the relationship between service quality and customer satisfaction and to assess the predictive effect of service quality on customer satisfaction. The level of significance was fixed at 5 per cent.

Data Analysis and Interpretation

The data collected from 200 customers of public- and private-sector general insurance companies in Kerala were analysed in accordance with the objectives and hypotheses of the study. Since the paper focuses on the comparative level of customer satisfaction and the predictive role of service quality, only the analyses required for hypothesis testing are presented.

Comparison of Customer Satisfaction between Public- and Private-Sector General Insurance Companies

Table 1

Comparison of Customer Satisfaction between Public- and Private-Sector General Insurance Companies

Type of General Insurance Company	N	Mean	SD	t	df	p	Cohen's d
Public sector	100	3.118	0.607	-6.635	198	< .001	0.938
Private sector	100	3.666	0.563				

Table 1 shows that the mean customer satisfaction score of private-sector general insurance customers ($M = 3.666$, $SD = 0.563$) was higher than that of public-sector customers ($M = 3.118$, $SD = 0.607$). The difference was statistically significant, $t(198) = -6.635$, $p < .001$. Cohen's d of 0.938 indicates a large difference between the two groups. Thus, customer satisfaction differed significantly between public- and private-sector general insurance customers, with private-sector customers reporting a higher level of satisfaction. Therefore, the first hypothesis was supported.

Differences in Customer Satisfaction across Demographic Characteristics

Table 2

Differences in Customer Satisfaction across Selected Demographic Characteristics

Demographic Characteristic	Statistical Test	Test Statistic	p	Result
Gender	Independent-samples t-test	t(198) = 0.457	.648	Not significant
Age	One-way ANOVA	F(4,195) = 1.554	.188	Not significant
Educational qualification	One-way ANOVA	F(4,195) = 0.908	.460	Not significant
Occupation	One-way ANOVA	F(5,194) = 0.333	.893	Not significant
Monthly family income	One-way ANOVA	F(4,195) = 11.775	< .001	Significant
Area of residence	One-way ANOVA	F(2,197) = 5.407	.005	Significant

Table 2 indicates that customer satisfaction did not differ significantly according to gender ($p = .648$), age ($p = .188$), educational qualification ($p = .460$), or occupation ($p = .893$). However, statistically significant differences were observed according to monthly family income, $F(4,195) = 11.775$, $p < .001$, and area of residence, $F(2,197) = 5.407$, $p = .005$. Since the ANOVA results were significant for these two variables, Tukey post-hoc analysis was conducted to identify the specific group differences.

Table 3

Significant Tukey Post-Hoc Comparisons for Customer Satisfaction

Demographic Variable	Group I	Group II	Mean Difference	p
Monthly family income	Below Rs. 30,000	Rs. 50,001-Rs. 75,000	-0.420	.007
Monthly family income	Below Rs. 30,000	Rs. 75,001-Rs. 1,00,000	-0.460	.004
Monthly family income	Below Rs. 30,000	Above Rs. 1,00,000	-0.939	< .001
Monthly family income	Rs. 30,001-Rs. 50,000	Above Rs. 1,00,000	-0.729	< .001
Monthly family income	Rs. 50,001-Rs. 75,000	Above Rs. 1,00,000	-0.519	.005
Monthly family income	Rs. 75,001-Rs. 1,00,000	Above Rs. 1,00,000	-0.479	.016
Area of residence	Rural	Urban	0.343	.005
Area of residence	Rural	Semi-urban	0.271	.045

The post-hoc results reveal a general tendency for customer satisfaction to increase with monthly family income. Customers with a monthly family income above Rs. 1,00,000 recorded the highest satisfaction, whereas those with an income below Rs. 30,000 recorded the lowest. The income effect was substantial (eta squared = .195). With regard to residence, rural customers reported significantly higher satisfaction than urban and semi-urban customers. The effect of residence was comparatively modest (eta squared = .052). Hence, the second hypothesis was supported with respect to monthly family income and area of residence, but not with respect to gender, age, educational qualification, or occupation.

Relationship between Service Quality and Customer Satisfaction

Table 4

Correlation between Service Quality and Customer Satisfaction

Variables	Pearson's r	p
Service quality and customer satisfaction	.834	< .001

Table 4 shows a strong positive and statistically significant relationship between service quality and customer satisfaction ($r = .834$, $p < .001$). Higher perceptions of service quality were therefore associated with higher levels of customer satisfaction among general insurance customers.

Predictive Effect of Service Quality on Customer Satisfaction

Table 5

Regression Analysis of Service Quality on Customer Satisfaction

Predictor	B	SE	Standardized beta	t	p
Service quality	1.015	0.048	.834	21.297	< .001

Note. $R^2 = .696$; Adjusted $R^2 = .695$; $F(1,198) = 453.600$, $p < .001$.

The regression model was statistically significant, $F(1,198) = 453.600$, $p < .001$. Service quality explained approximately 69.6 per cent of the variation in customer satisfaction. Service quality had a strong positive standardized predictive effect on customer satisfaction (beta = .834, $p < .001$). The unstandardized coefficient ($B = 1.015$) indicates that a one-unit increase in perceived service quality was associated with an estimated 1.015-unit increase in customer satisfaction. Thus, service quality significantly and positively predicted customer satisfaction, and the third hypothesis was supported.

Table 6

Summary of Hypothesis Testing

Hypothesis	Decision
Customer satisfaction differs significantly between customers of public- and private-sector general insurance companies in Kerala.	Supported
Customer satisfaction differs significantly across selected demographic characteristics of general insurance customers in Kerala.	Supported for income and residence; not supported for gender, age, education, and occupation
Service quality significantly influences customer satisfaction among customers of general insurance companies in Kerala.	Supported

Discussion of the Results

The findings revealed a significant difference in customer satisfaction between customers of public-sector and private-sector general insurance companies in Kerala. Private-sector customers recorded a higher mean level of satisfaction, and the magnitude of the difference was large. The result suggests that customers of private general insurance companies perceived their overall service experience more favourably. The difference may be associated with greater responsiveness, customer-oriented service delivery, faster communication, easier digital interaction, and greater flexibility in customer handling. For public-sector insurers, the result highlights the importance of strengthening customer-facing processes and improving the speed and convenience of service delivery.

The demographic analysis produced a selective pattern. Customer satisfaction did not differ significantly according to gender, age, educational qualification, or occupation, suggesting that satisfaction was relatively consistent across these categories. In contrast, significant differences were observed according to monthly family income and area of residence. Respondents in higher-income groups generally reported greater satisfaction, with those earning above Rs. 1,00,000 per month recording the highest satisfaction. Higher-income customers may have greater access to suitable products, wider insurance coverage, greater awareness of available options, and more capacity to select services matching their requirements.

Area of residence was also associated with customer satisfaction. Rural customers reported higher satisfaction than urban and semi-urban customers. This may reflect differences in expectations, patterns of interaction with agents and branches, accessibility of personal assistance, or the relative importance attached to insurance services in different residential settings. The absence of a significant difference between urban and semi-urban customers further suggests that the principal contrast was between rural customers and the other residential groups.

The most important finding concerned the relationship between service quality and customer satisfaction. Service quality showed a strong positive association with customer satisfaction and emerged as a powerful predictor. The regression analysis indicated that service quality explained a substantial proportion of the variation in satisfaction. This supports the broader service-marketing literature, which identifies service quality as a central antecedent of satisfaction (Cronin & Taylor, 1992; Parasuraman et al., 1988). In the insurance context, the result reinforces the importance of prompt responses, dependable service, clear communication, employee competence, accessibility, and transparent customer-handling processes.

Implications of the Study

The findings have important managerial implications for general insurance companies operating in Kerala. The significant satisfaction advantage observed for private-sector insurers indicates that public-sector companies need to give greater attention to the customer experience. Improvements in responsiveness, communication, accessibility, grievance handling, digital services, and processing efficiency can help reduce the satisfaction gap between the two sectors. Public-sector insurers may particularly benefit from simplifying procedures, reducing avoidable delays, strengthening customer-support systems, and providing more proactive communication throughout the policy-service process.

The strong predictive relationship between service quality and customer satisfaction indicates that general insurance companies should treat service quality as a strategic priority rather than merely an operational concern. Customer satisfaction can be strengthened by ensuring reliable and accurate service, responding promptly to enquiries, providing clear explanations of policy conditions, maintaining transparency, improving employee competence, and delivering convenient digital services. Regular monitoring of customer experiences can also help insurers identify areas of service weakness before they develop into dissatisfaction or customer attrition.

The demographic findings suggest that insurers should recognise differences in the expectations and experiences of specific customer groups. The significant differences according to income and residence indicate that a completely uniform service approach may not always be appropriate. Insurance companies can improve customer satisfaction by developing communication, assistance, service channels, and policy-support mechanisms suited to customers with different economic backgrounds and residential locations. At the same time, the absence of significant differences according to gender, age, education, and occupation suggests that the fundamental requirement for dependable and customer-oriented service remains broadly common across these groups.

Conclusion

The study concludes that customer satisfaction in the general insurance sector in Kerala varies significantly according to the type of insurance company and is strongly associated with perceived service quality. Customers of private-sector general insurance companies reported significantly higher satisfaction than customers of public-sector companies. Customer satisfaction also differed significantly according to monthly family income and area of residence, while gender, age, educational qualification, and occupation did not produce significant differences. Most importantly, service quality emerged as a strong positive predictor of customer satisfaction and explained a substantial proportion of its variation. The findings emphasise that improving responsiveness, reliability, communication, accessibility, transparency, employee competence, and customer-oriented service delivery can contribute substantially to higher customer satisfaction. Public-sector insurers, in particular, can benefit from strengthening customer-facing processes and improving the speed and convenience of service delivery in order to narrow the satisfaction gap and remain competitive in Kerala's general insurance market.

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