

Sun Nepal Life Insurance Company: Customer Satisfaction to Its Products

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Abstract

This study explores customer satisfaction towards the products and services of the Sun Nepal Life Insurance Company Ltd. Customer satisfaction with company's products and services is often seen as the key to a company's success and long-term competitiveness. In other words, customer satisfaction is defined as a measurement that determines how happy. They are with the company's product, services and capabilities. Customer satisfaction information, including surveys and ratings, can help a company determine how to improve the best of their products and services and identify the area which needs improvement in order to maintain or increase their quality of services and membership base. This research tries to systematically review significance of life insurance in modern competitive and risky human life due to risky society, busy scheduled, unhygienic life style etc. The study uses descriptive and percentage techniques for data analysis after the collection of data entry is checked. The primary data was collected through survey. About 100 questionnaires were distributed in Jhapa district, out of which 87 questionnaires were received back. This study is very helpful to see the effect of customer satisfaction and attitude towards SNLIC.

Key words: life insurance, customer satisfaction, customer retention, capabilities

Introduction

Human life is subject to risks of death and disability due to natural and accidental causes. When human life is lost or a person is physically or mentally disabled either permanently or temporarily, there is a loss of income to the household. Though the value of human life cannot be exactly valued, a monetary sum can be determined based on the loss of income in future years. Life insurance is a financial cover for a contingency which is linked with human life like illness, death, disability, accident, retirement etc. In other words life insurance is a contract between an insurance company

and policy holder where insurer provides beneficiaries with certain amount upon their illness, death or specified event, in return of periodic payment made by the insured as a premium. The amount of premium depends upon the factors of age, gender, medical history and the policy which the policy holder purchases.

Sun Nepal Life Insurance (SNLIC), an emerging insurance company in Nepal is getting a lot of attention in terms of customer satisfaction. It has considered customer satisfaction as a key metric to monitor in order to identify or measure which area of their product and services are strong and which area need correction and improvement for retention of existing customer, meeting customers' expectations and achieve company's goal. The overall purpose of this study is to provide the insight regarding SNLIC, its products and customer's satisfaction and attitude towards the products and services. It is registered under Company Act, 2063 (2006 A.D.) and got the license from insurance board under section 10 of Insurance Act, 2049 (1992 A.D.) to operate on life insurance business in Nepal. It was established by the authorized capital of 200 crore (US \$16.332¹ appx.). Out of which 140 crores (US \$11.432 appx.) is paid up from the promoters and remaining 60 crore (US \$4.899 appx.) by issuing share to the public.

It provides the services with the slogan of "security, education and prosperity for all". The company is providing outstanding customer services to the people of all the financial status and geographical location. Human life is covered by various risks and uncertainty due to busy schedule, unhygienic food and unhealthy atmosphere. Therefore, every human being needs insurance company's support to transfer their risks.

Products of Sun Nepal Life Insurance

An emerging company in life insurance sector, SNLIC has brought product varieties based on their capital structure, managerial skills and market competition. The products are highlighted with brief description.

- **Sun Life Endowment Assurance Plan:** It is a simple endowment plan where the life insured purchases a policy for specific period of time. In case of death of insured, insured amount along with bonus will be paid and for accidental death of insured additional amount equal to sum assured will be paid. In case of the maturity of policy full sum assured plus bonus will be paid to the policy holder.

¹0.0082 United States dollar is equivalent to 1 Nepali rupees.

- **Endowment cum Whole Life Assurance:** This policy is purchased by the policy holder for a specific period of time. Under this policy the risks of life is covered throughout the life of insured or till the life insured attains age 100 whichever is less.
- **Fifteen year money back plan cum whole life assurance:** This is a money back plan where the life insured purchases a policy for a certain period of time but the risk is covered during the life of policy holder or up to the period of life assured attaining age 100 whichever is less.
- **Single Premium plan (Bhagyodaya Jeevan Beema) :** This is an endowment assurance plan which is bought by the policy holder for a specific period of time but the premium is paid one time only at the time of policy commencement date.
- **Child Endowment Policy:** It is an endowment assurance plan for children from the age of 0 to 15 years. The policy will end when the child attains age between sixteen to thirty. The optional benefit will secure the educational benefit of child even in case of death of proposer.
- **Limited payment endowment (Bhagyodaya Jeevan Beema):** It is a limited payment and money back plan paid for limited term of years. The policy term is 25 years and the payment is made either single or within 12 or 18 years.
- **Group Term Assurance (Samuhik Myadi Jeevan Beema):** The group term assurance is emphasized to the group of organization with minimum 25 members, however the policy can be renewed later on.
- **Renewable Term Life Assurance (Naveekaran Myadi Jeevan Beema):** This is term assurance product for all individuals where the risk of life is covered for minimum of five years to twenty five years. The product is without profit having no surrendered and paid up value.
- **Dhana Lakshmi Jeevan Beema:** It is a limited payment and money back plan paid for limited term of year.
- **Dhananjaya yearly money back endowment:** It is a money back endowment life assurance product. This product covers the risk minimum of five years to twenty years of term. The five percent of sum assured is paid back to insured every year.

- **Myadi Laghu Samyukta Jeevan Beema Yojana:** It is a joint term life assurance product for both husband and wife in a single policy. This policy covers risk of both husband and wife for minimum of two years to five years of term by a single policy. The product is without profit having no surrendered and paid up value.
- **Just 5 rupees per day to get 10 Lakh (one million) benefits:** This is a policy which covers eighteen critical diseases, treatment cost of 5 lakh plus 5 lakh term assurance in just rupees 5 per day.

Statement of the problem

This study analyzes the level of customer satisfaction and evaluates the overall performance of SNLIC. Customers are keener about their satisfaction in this stiff competitive and ruthless market to lead the policyholders to be more aware about the policy they availed. The Products and services offered by any company should fulfill the need of the customer to satisfy and retain them in long run. Customer satisfaction is the fundamental need of any organization. It is considered as the key to success of the business. Contrary to this, dissatisfied customer are at retention risk and losing the existing customers will impact negatively to the sales and revenue as well as brand and goodwill of the company. There are various research articles found about customer satisfaction related to other insurance companies; however, there is no any article found about SNLIC since it is the first article which analyzes about the level of customer satisfaction and company's overall performance. The survey was conducted from 16 July 2021 to 14 January 2022. The study is trying to answer the following research questions:

1. What are the important services provided by SNLIC?
2. What is the level of customer satisfaction?
3. How is the overall performance of SNLIC?

Objectives of the study

Human life is surrounded by unlimited risks and uncertainties. Nobody can predict what happens in his or her life in future. Future is always uncertain. The feeling of uncertainty and fear leads many persons to manifest a great interest for complete security and safety. So, life insurance plays vital role in everyone's life for securing their future. Therefore, knowing the requirement, feelings and expectations of customer towards the products and services is the main thing for SNLIC to improve their performance level and achieve their goal.

The specific objectives of this study are:

1. To identify the important services provided by SNLIC.
2. To examine the level of customer satisfaction.
3. To evaluate the overall performance of SNLIC

Significance of the study

Customer satisfaction holds significant importance in corporate sector because without satisfied and loyal customers, we cannot have a business. A single unsatisfied customer can send away more customers from your organization than 10 highly satisfied customers. The more you focus on customer satisfaction and retention, the longer-term business you will get. There has been extensive research on the customer satisfaction towards the products and services on various Life Insurance Company around the world. Many regional and nationwide studies can be found. In case of Nepal, various researches have been conducted on the related topic. Hence for more clarification regarding customer satisfaction towards the products and services in Life Insurance Company research have been conducted.

The importance of customer satisfaction cannot be ignored because happy customers are like free advertising. Many of us have heard of the current trend for businesses to become highly customer- centric, that it to put the customer at the centre of our business in terms of our strategies, actions and processes. For most of us, old truths still hold good, such as it is easier and more profitable to sell to existing customers than to find new ones. In practice, organizations are increasingly setting themselves strategies to measure and ensure customer retention, and charging their staff to be more customers focused and service oriented.

The purposed study work would be fruitful to the management level of SNLIC in formulating various plan and policies, making strategies regarding customer's satisfaction and attitude towards products and services. It is crucial to maintain customer satisfaction to make the organization exist in the modern cut-throat competitive world. So, Sun Nepal Insurance Company should understand the weakness and strength regarding customers and the necessary steps should be taken by the management team if there is anything to be corrected to improve the quality of products and services. This study may be fruitful to the SNLIC to improve their overall performance level and meet the expectation of customers.

Research Methodology

This article is based on descriptive research design. Primary data were collected through questionnaire survey method. The standard was developed in order to measure the impact of customer satisfaction and performance level of company using four points likert standard with responses ranging from 1 to 4, where 1= excellent, 2= Good , 3= average, and 4= poor. The study has used the statistical tools and questionnaires (Annex 1).

Literature Review

According to Nepal Law Commission (2001), “Life insurance business means the business relating to a contract in respect to the life of any person under which he/his heir, in the event of his death, will be paid a specified amount and the specified amount is paid in installment on the basis of his age” (Article 2,f., p. 2).

Upadhyaya and Badlani (2011), in their research, attempt to identify the key success factors in the life insurance industry, in terms of customer satisfaction so as to survive intense competition and to increase the market share. The objectives of the study are to identify the factors of customer satisfaction in retail life Insurance in India and to study the importance of technology in fulfilling Customer Satisfaction. Data was collected from 206 insurance customers of the ten public and private sector life insurance companies from the major cities of Rajasthan and Maharashtra state in India. The study concludes that despite high satisfaction levels, there remains a lot to be done by the management of the retail life Insurance companies to maximize their customer satisfaction and improve the quality of service. The satisfaction of the customer with the services of the Life Insurance Companies was found to be linked with the performance of the service.

According to Koirala (2012) no one can presume the world without risk. Every person in the modern world is being victimized by minor and major accident as a result the loss and damage of life and property takes place. To recover the financial loss and damage insurance is only the best option. Insurance has become compulsory in the present world for the recovery of loss and damage of property (p. 178). This article clears that insurance is inevitable to all the people in the modern risky society to minimize the risks as human life is full of risks and uncertainty.

Frank and Enkawa (2009) examined the impact of economic growth and economic expectation that influence the customer satisfaction and their quality. They found that policyholders are positively influenced towards economic growth and

negatively influenced towards their economic expectation and also found that economic expectation and quality expectations are positively correlated.

Roy (1987) examined environment and impact for providing better customer services to policyholders for fulfilling their needs by providing quality service. The author found about various steps for providing quality service to the customer by providing training programs to their agents and employees, origin of new branches and services will enhance the quality of life insurance company. Planning Department (1987) discussed about level of customer satisfaction towards particular services provided by LIC such as timely report of discharge forms, cooperation among employees, receipt of policy amount contained by due date the study revealed that insurance company should keep on measuring the maturity settlement claims for quick settlement to the policyholder and their grievances at the delay in settlement could be satisfied by providing an prompt attention to them when they visit office.

The Insurance Institute of India (1987) examines the extent of life insurance coverage, awareness, attitudes and beliefs of people on life insurance, perceptions, sense of identification of employees with Life Insurance Company. Author found that LIC is a better investment than bank deposit and their products are popular among the consumers on account of its reliability.

Limitation of the study

Firstly, this study was carried out mainly in Jhapa district; therefore, the result obtained may not be pertinent to the country as a whole. Of course, the study can be extended to other districts of Nepal. Secondly, the present study has been conducted by taking a sample of 100 customers of SNLIC (a private company) ignoring the public life insurance companies. This cannot lead to the generalizability of the findings and the results may not be implied conclusively to the whole life insurance industry. Additional studies are recommended to fill the gap. Thirdly, other variables (like future purchase intension, and overall satisfaction level etc.) having impact on customer's overall evaluation of service quality should be taken into account in future research. The conceptual and methodology limitations of the study need to be considered when designing future research.

Data Analysis and Presentation

The study is mainly based on primary source of data. Descriptive, quantitative and percentage methods have been applied to analyze the data. Besides these, the required data are collected from various source like library books, website, journals reports published by

insurance companies and primary data collected from the SNLIC (Birtamod branch). To measure the degree of customer satisfaction towards SNLIC, questionnaire and field study have been applied. This article is based on quantitative theory of management which includes various tools and tabulation for describing variables.

Results

To make this research more effective and realistic, the information obtained from questionnaire and field study has been presented in the tables and figures below, then the level of customers' satisfaction and the overall performance of SNLIC have been discussed. The service standards of the company and its services have been presented in four levels: excellent, good, average and poor.

Table 1

Customer satisfaction level in SNLIC

Service standard	No of Customers	Percentage
Excellent	34	34
Good	30	30
Average	20	20
Poor	16	16
Total	100	100

Figure 1

Service Standard in SNLIC



The Table 1 (Figure 1) shows that among 100 policy holders, 34 insured give excellent feedback about the SNLIC's service standard, 30 policy holders give good feedback, 20 policy holders give average feedback and remaining 16 insured provide poor feedback about the SNLIC. Therefore, SNLIC is considered as the best insurance company considering the feedback collected from the policy holder of SNLIC, Jhapa.

Table 2

Number of insured in five fiscal years

Fiscal Year	No. of insured
2074-075(2017-2018 A.D.)	575
2075-076 (2018-2019 A.D.)	976
2076-077 (2019-2020 A.D.)	585
2077-078 (2020-2021 A.D.)	610
2078-079 (2021-2022 A.D.)	240

Figure 2

Number of insured in five fiscal years

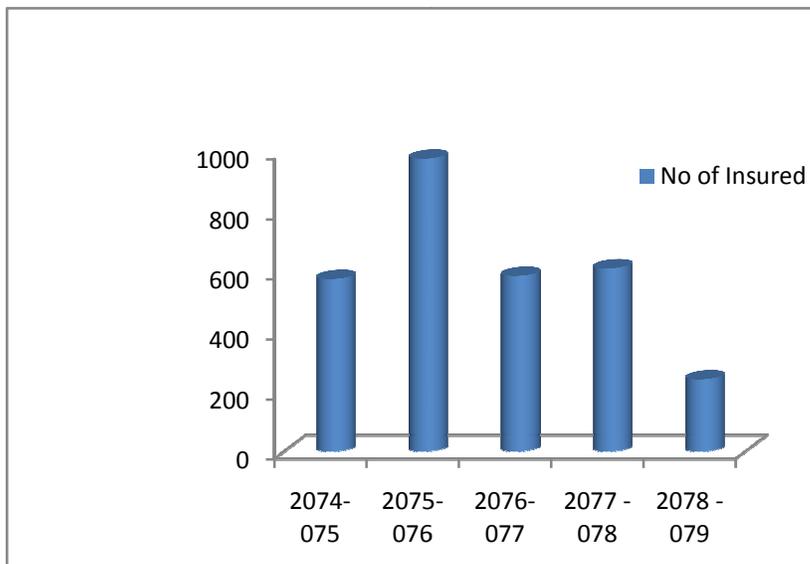


Table 2 (Figure 2) shows the number of policy holders in each fiscal year. The table shows that in fiscal year 2074-075 the number of insured was 575, in 2075-076 the

number of insured increased and reached 976. In the fiscal year 2076-077 the number of insured was 585 and in 2077-078 the number of insured increased again and finally reached 610 and in 2078-079 is 240. The highest number of insured was found in the fiscal year 2074-075.

Table 3

Number of policyholders on various products

Types of policy	No of Policyholders
Sawadeek Jeevan Beema	970
Baal Sambriddha Jeevan Beema	819
Bhagyodaya Jeevan Beema	16
Dhana Lakshmi Jeevan Beema	58
Sarthak Aajeevan Beema	42
Nabin Aajeevan Beema	25
Dhananjaya Yearly Money Back Endowment	951

Figure 3

Number of policyholders on various products

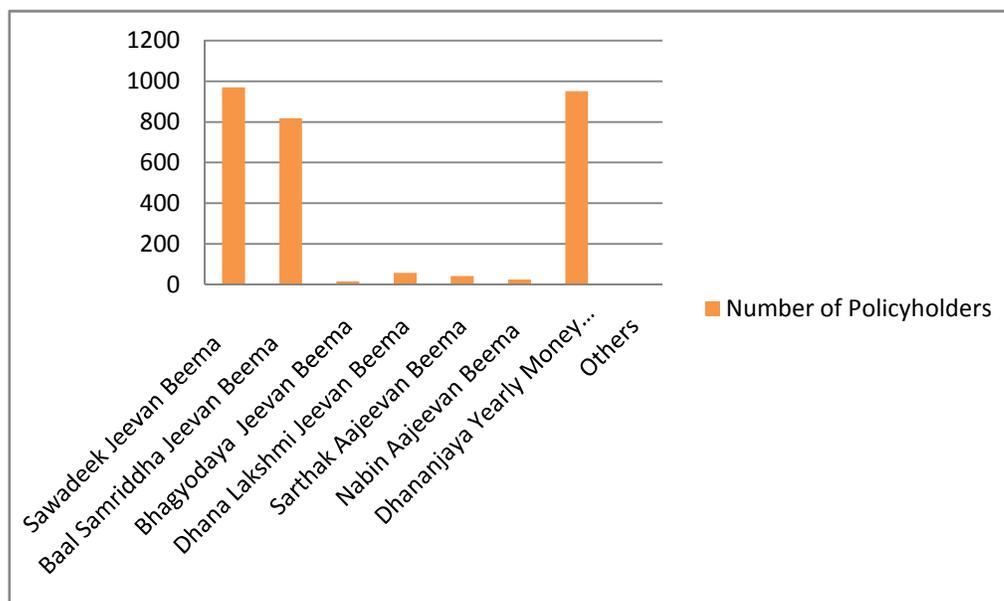


Table 3 (Figure 3) shows the number of policyholders in different policies. The figure shows that Sawadeek Jeevan Beema policy has the highest policyholders; next to

it Dhananjaya policy has the second highest policyholders and Baal Samreedh has the third highest policyholders. The figure shows that Bhagyodaya policy has the least policyholders.

Major findings

With the main objective to study the customers' satisfaction of SNLIC, the study was concluded and below is the findings from the analysis of data gathered from studies.

- To measure the level of customers' satisfaction, the study has used various standards like excellent, good, average and poor. 34 % shows excellent, 30% presents good, and 20% shows average and 16% poor.
- The number of insured is continuously increased in the fiscal year 2074-075 and 2075-076 but it is decreased in the fiscal year 2076-077.
- The number of policyholders in Sawadeek Jeevan Beema is the highest which is 970. The second highest is Dhananjaya yearly money back endowment which is 951 and third one which has the highest policyholder is Baal Samreedhi Jeevan Beema which is 819. The rest of other policies show the number policyholders.

The above data presentation shows that the overall performance of the company is good. Out of the twelve prevailing products of the company, only three products are highly demanded in the market however, the other products are less demanded. Sawadeek Jeevan Beema, Dhananjaya yearly money back and Baal Samreedhi Jeevan Beema are the major policies of Sun Nepal Life Insurance Company Ltd. Rest of the others policies like Bhagyodaya Jeevan Beema, Dhanalakshmi Jeevan Beema, Sarthak Aajeevan Beema etc. are less preferred by the customers. Company should increase more facilities and benefits to increase the demand of such policies.

Recommendation and Conclusion

Every company aims is to maintain the long term relationship with the customers and the business organization. In order to acquire the potential customers, needs and demands of the customers should be acknowledged and the customer satisfaction has a great impact on the entire business organization. Therefore, it is quite necessary to understand what exactly customers need and how to gain loyalty for the successful business. The findings show that there is a significant impact of customer satisfaction towards the Sun Nepal Life Insurance. Success of an organization depends largely upon its customer satisfaction. In the context of

relationship marketing, customer satisfaction is often viewed as a core determinant of customer retention. Satisfaction is confirmed as one of the primary results of experience and is defined in term of the pleasure and enjoyment felt by the customer as a direct consequence of the result obtained from the service. However, it is also true that a key element of the end value provided by a service is determined by the way in which the service is offered.

People feel quite secured, happy and peaceful by transferring their risks to the insurance company with the submission of certain amount as a premium. They understand that insurance company provides them saving, investment and security which no other financial institutions can offer. Since the time of death and uncertainties of a person cannot be predicted, if something unusual happens to the bread earner in family all the other dependents will be badly impacted but if the insurance policy of the bread earner is purchased the risk will be covered by insurance policy which will be a great financial support for the family.

Though SNLIC has introduced several products considering gender, income level and age of policy holders with transferability and security people in the remote area are feeling insecure to purchase policy or invest money in insurance company due to lack of education and awareness. They want to live happy life in present situation instead of dreaming for future life. Some community thinks that it is against the Islamic rules and regulations because it is based on interest as Islam people think that taking interest is a sin. Some people believe that collecting financial claims after the death of family member is not good. In order to create awareness about insurance services, insurance companies as well as government should organized various awareness program as many people in the remote areas are not aware about insurance company, its services and benefits offered to the insured. Every company focus on its customer satisfaction as it is the key to success.

Sun Nepal Life Insurance also emphasizes on improving the customer satisfaction level through various techniques. It is aware of the fact that the real competitive challenge in the insurance company is to play on the distribution front and on the ability of firms to coordinate the traditional channels with the modern and innovative ones. Thereby, it will be possible to create customers' value and gain competitive. Overall this study has highlighted that satisfaction and loyalty are two core element of a business. Understanding these two terms can help the case company to build up reputation and goodwill in a market and increase the demand of customers.

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Annex 1 Questionnaire

1. How is the standard of service by Sun Nepal Life Insurance?
2. How long have you been using the product?
3. Why did you choose our product over a competitor's?
4. Does the SNLIC provide claim on time to the beneficiaries?
5. Does the SNLIC provide pre information for the premium submission?
6. What is the method of submission of premium?
7. Is Sun Nepal Life Insurance a good investment?
8. What are the requirements to be submitted in case of a maturity claim in SNLIC?
9. Are investment returns guaranteed in SNLIC?
10. Can insured get the refund of premiums if not satisfied with the policy, after buying it?
11. What happens if payment of premium is discontinued by the insurer?
12. What documents are generally required to be submitted in case of death of life assured while the policy is in force?
13. What are the critical illnesses covered by SNLIC?