Abstract: In the customers-centric era organization in the emerging economies are carefully designing their service strategies for satisfying their customers. The study on life insurance services have been compared because of growth potential of life insurance segment in both the economies.

Design/methodology: This paper is based on the published article, refereed journals, and world insurance reports, and the factors of service quality which have been discussed by the Gronroos (2007).

Findings: Two countries shows that while India spends a greater proportion of its gross domestic product (GDP) on life insurance, India spends 4% of its GDP on life insurance; China's comparative figure is 1.8%, according to a report by Indian Insurance Review. Life products are seen in India primarily as a means of improving financial health. India lacks any system of social security, and life insurance products offer tax benefits, and income protection. Endowment or whole-life policies provide good saving options, and are more popular in India than simple term-life plans that offer pure risk protection. For deliveries of services China have been lagging behind from India because of professional skills, trust of agent and better products and policies.

Research limitations: This paper is based on the secondary data, and for the service deliveries empirical study is needed for the comparing the two different economy. Cultures have profound impact on the service deliveries, which is not included in this article.

Practical & Social Implications: In the expectation of better services, consumers have the choice to choose the service providers while the organization are working under the pressure to reduce their operating expenses in insurance segments in developing economies.

Originality: This work is creation of research scholar which is pursuing cross-cultural study on service deliveries.

Terminology: Cross-Cultural, Service Deliveries/Quality Customers Expectation,

Objectives:
1. To identify the growth and potential in Life Insurance segment in both the economies.
2. To compare the service deliveries in life insurance segment in both the economies.

Review of Literature:
Qualitative and quantitative research activities have been studied in this regard for assessing the customers, competitors, as well as staff. Since its inception, SERVQUAL have become a popular method for measuring service quality (e.g. Bojanic and Rosen 1993; Llosa et al. 1998; Oldfied and Brown 2000; Saleh and Rayan 1991). Customer satisfaction and the salesperson’s relation orientation significantly influences the future business opportunities and as the salespersons are able to enhance their relationships with the clients, clients are more satisfied and are more willing to trust, and thus secures the long-term demand for the services (Tam and Wong, 2001). Hellier et al. (2003) found that in insurance purchase brand preference is an intervening factor between customer satisfactions and repurchase intention and the main factor influencing the brand preference is the perceived value and customer satisfaction. The company and agent’s service quality as well as recommendations of friends are factors that significantly affect decisions of purchasing life insurance policies (Chow-Chua and Lim, 2000).

Within an increasingly competitive environment, Customers focus strategies is an organization strategic tool for improving product/service quality (Guilding & McManus,(2002). Gronroos(2007) emphasizes that the following “seven criteria of good perceived quality” are the determinants that need to be considered when evaluating the service quality of any organization.


Methodology:
From the above discussion the researcher have taken few factors of Gronroos(2007) along with certain other factors which have been taken from the published reports like world Insurance Report-2008, BCG report, news papers and magazines and articles. And the following factors have been discussed:

1. The Market: India vs. China
2. Regulatory environment
3. Role of Intermediaries Trust and Reliabilities
4. Products & Policies
5. Professionalism & Skills
Consumer Awareness and Domestic Attitudes towards Openness

7. Conclusion

The Market: India vs. China

Combined, China and India account for almost 40% of the world’s population, and they have expanded their economies at a rapid pace over the last five years, with GDP growth averaging 10.6% in China and 8.7% in India. Because of demographic dividend Life insurance growth will continue. A.M. Best’s Country Risk analysis have put China CRT-3 since May 2003. China’s tier is at the high end compared to other BRIC countries, such as Russia and India, which are assessed as CRT-4

Regulatory Environment

The China Insurance Regulatory Commission (CIRC) had established as the industry regulator in 1998. While (IRDA), had in 1999, supervises the Indian insurance industry. Both China and India have restrictions on foreign direct investment in life insurance companies. Currently, the Chinese regulator sets a limit of 50% and India puts 26% for joint venture insurance companies. As compare to, in India have the transparent legal system which protect the interest of customers.

Role of Intermediaries Trust & Realibility

China and India have individual tied agency forces, group sales representatives (selling group products to state-owned and private enterprises), and bank and post office branches. (Chunling Li, 2005) found the professional reputation of Chinese life insurance agents is also very low. The low reputation of the profession also indicates that social resistance to life insurance agents is quite common in China. Thus, it is understandable that Chinese life insurance agents always experience negative emotions such as frustration because of rejections and contempt due to the low reputation of their profession.. The retention and productivity levels of agents are generally poor, and currently no commission clawback is permitted in India. Consumer confidence and trust in insurance distribution have eroded because customers’ needs are more complex and insurance distribution model have gradually changing to product-push to advisory model.

Products & Policies

Savings-oriented products tend to dominate the life insurance industry in both China and India. Both markets offer a wide range of traditional nonlinked (both participating and no participating) and linked savings products. There have been strong demand for investment-linked (or unit-linked) products in both countries. In India, fairly simple maturity investment guarantees are offered, these investment guarantees are not yet generally offered with these products in China. Universal-type products, which offer the advantage of some guarantees for policyholders, are also becoming popular in China. Studies shown that Indian consumers have better opportunities as compare to Chines customers.

Professionalism & Skills

A huge gap in quality of service still exists between most developed-country industries as well as in emerging economies. Due to low professional service standards insurers failed to provide after-sales service. Effectively responding to claims have been an issue, and there have been numerous cases of companies failing to deliver on their promises to clients. In today's China, it is easy to find disgruntled insurance customers; the litany of complaints includes misleading descriptions of coverage and the delay of refunds for months or even years.

Many insurers avoid poaching staff from competitors, instead preferring instead to hire staff directly from universities and train them in their own systems. There is still a high turnover rate, as trainees hunt for higher paid jobs and more senior positions. Competitive pressure for talent is fueling salary increases for skilled middle management of 15% to 25% per year.

In China too these problems have been prevalent but comparatively in less in frequency, in India professional service standard have been higher than China.

Consumer Awareness and Attitudes Towards Openness

In China, people still consider insurance to be unnecessary. Even when citizens (usually in big cities) recognize insurance as a necessity, they lack basic insurance knowledge.

In China, result shows the vast majority of customers recognize only one insurer—typically their own insurer or the most active player in the region. Customers in India value the brand name and trustworthiness of the service provider more than any other factor when purchasing an insurance product (see below figure). This attitude has helped incumbent life insurer LIC protect much of its market share (It still accounts for 80% of premiums written) even after 6 years of liberalization. After brand, the most influential factor for customers in India is returns/fees—consistent with the perceptions of life insurance as a means of wealth accumulation, and non-life as an unnecessary expense.

Conclusion:

A comparison in the business in the two countries shows that while India spends a greater proportion of its gross domestic product (GDP) on life insurance, China spends relatively more on general insurance. India spends 4% of its GDP on life insurance; China's comparative figure is 1.8%, according to a report by Indian Insurance Review. According to (World Insurance Report, 2008), China's industry growth is more focussed on "short-term single or renewable single premium policies sold as a substitute for bank deposits. India's growth is more powered by long-term regular premium products sold for need". India have developed further in the service sector generating
proportionately greater insurance demand. Life products are seen in India primarily as a means of improving financial health. India lacks any system of social security, and life insurance products offer tax benefits, and income protection.

Overall discussion shows that India have competitive advantage for the delivering better services to their customer against china, even though both the economies still under penetrated. "Rising internet use is increasing transparency in the industry, providing customers with better access to information on product specifications and pricing and increased bargaining power.

As a result, customers have become more self sufficient, price-sensitive and less loyal,” (Bertrand Lavayssière, Capgemini Global Financial Services) BCG have mentioned in their report(2010) that India will be in advantage position on gross written premium over China. .

Limitation: Culture have profound impact on cross-culture service deliveries, the researcher haven’t discussed the impact of culture and technology.

Reference:


-KPMG, Foreign insurers in China: Opportunity and risk, July 2005


-Sarasvathy, Siva, “India & China-Comparing The Incomparable” Macmillan India Ltd. Year-2008, pp-xxxii


-Sheng, Sixin Emotional Conflicts and Coping Strategies: The Case of Life Insurance Agents in China, pages: 1-34


Annexure

Very large populations and strong economic growth


Trends in Various Adult Population Groups As a Proportion of the Total Population, China and India, 2000–2050

% Population

<table>
<thead>
<tr>
<th>Year</th>
<th>2000</th>
<th>2010</th>
<th>2020</th>
<th>2030</th>
<th>2040</th>
<th>2050</th>
</tr>
</thead>
<tbody>
<tr>
<td>45+, China</td>
<td>12%</td>
<td>27%</td>
<td>39%</td>
<td>50%</td>
<td>62%</td>
<td>75%</td>
</tr>
<tr>
<td>60+, China</td>
<td>5%</td>
<td>11%</td>
<td>19%</td>
<td>27%</td>
<td>35%</td>
<td>42%</td>
</tr>
<tr>
<td>80+, China</td>
<td>2%</td>
<td>3%</td>
<td>5%</td>
<td>7%</td>
<td>9%</td>
<td>11%</td>
</tr>
<tr>
<td>45+, India</td>
<td>20%</td>
<td>32%</td>
<td>43%</td>
<td>51%</td>
<td>58%</td>
<td>65%</td>
</tr>
<tr>
<td>60+, India</td>
<td>5%</td>
<td>10%</td>
<td>15%</td>
<td>20%</td>
<td>24%</td>
<td>27%</td>
</tr>
<tr>
<td>80+, India</td>
<td>1%</td>
<td>2%</td>
<td>3%</td>
<td>4%</td>
<td>5%</td>
<td>6%</td>
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</tbody>
</table>


China vs. India premium growth

<table>
<thead>
<tr>
<th>Year</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>China (Rs millions)</td>
<td>100,000</td>
<td>150,000</td>
<td>200,000</td>
<td>250,000</td>
<td>300,000</td>
<td>350,000</td>
<td>400,000</td>
</tr>
<tr>
<td>India (Rs millions)</td>
<td>50,000</td>
<td>100,000</td>
<td>150,000</td>
<td>200,000</td>
<td>250,000</td>
<td>300,000</td>
<td>350,000</td>
</tr>
</tbody>
</table>
China Life—Market Growth (2007-09)

<table>
<thead>
<tr>
<th>Sector</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life</td>
<td>446,344</td>
<td>665,837</td>
<td>745,743</td>
</tr>
</tbody>
</table>

Total insurance penetration in China is ahead of Brazil and Russia but significantly lower than in mature insurance markets.

Life premium income by channels

source-Axa Life Insurance-2007
Retail customer segments

VIP *

Mass affluent **

Mass market ***

Product features

- Single premium plan

Product features

- Annuity options at maturity (to be developed)
- Investment-linked Honey range
- All-in-one Hybrid
- High end personal accident (to be developed)

- Unit-linked limited pay
- Unit-linked regular pay
- Unit-linked retirement savings
- Child education savings
- Protection market

- Investment-linked Honey range
- All-in-one Hybrid
- BRP endowment
- Cashback critical illness protection
- Personal accident

- Anticipated endowment
- Term insurance (with ROP)
- Retirement income

- BRP endowment
- Cashback critical illness protection
- Personal accident

Source-Axa Life Insurance-2007

Source-World Insurance Report-2008, chart-7