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Customers' Perception towards Private Insurance Company

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Abstract:

Insurance is the backbone of a country's risk management system. In a contract of an Insurance, by insurer agrees or undertakes in consideration of a sum of Money (premium) , to make good the loss suffered by the insured against a specified risk, such as fire and any other similar contingency or compensate the insured or beneficiaries on the happening of a specified events such as accident or death . The insurance company established on 1970's. The Government after careful study of the situation resorted to nationalization by an Act of parliament which began to function on 1st Sep 1956. To study the consumer preference and satisfaction level towards Private insurance of India. The primary data and secondary data will be collected.

Keywords: Preference of private insurance, Aware of private insurance, Government and Private Sectors Policy Holders and Satisfaction

1. Introduction

The idea of insurance was conceptualized in the 12th century. Life is full of unexpected events that can change life forever. The concept has undergone several changes. Once it was viewed as the shelter to the family members. Later it has become a tax saving instrument than protecting the kith and kin. Compared to developed countries, the growth of insurance is not appreciable in India though there is wide scope. This millennium brought in marketable changes and the insurance corporations have to meet new challenges and competitors. There is abundant potential for insurance in India, so, the global players are playing a stiff competition.

Many private companies have ventured into the market in this situation of eluded competition; the sector has come out with a variety of products for different segments of the society. So far the rural potential is uncared by this sector and some improvement is observed now. So far there was no option for the public in choosing the companies for their insurance products. The LIC was the monopoly in life insurance.

Now it is opened for the foreign tycoons had ventured into the Indian market. It has become a common platform, as every insurance company has to compete with their innovating products, better service so serve within the market.

2. Objectives of the Study

- To identify the reason or preferring private insurance companies.
- To verify whether the preference varies between those who hold government Insurance policies and those who do not posses.
- To understand the level of satisfaction relating to the different aspects of the Private companies.
- To make suitable suggestions on the basis of the findings of the study.

3. Scope of the Study

The scope of the study is to analyze and evaluate the customers' appraisal of private insurance company – an overview, to find out how for the policy holder preferred and satisfied with such measures, to give suggestion and recommendation to insurance companies for further improvement.

4. Research Methodology

Research in common parlance refers to a search for the knowledge. Once can also define research as scientific and systematic search for pertinent information on a specific topic. So the researcher has selected customers' appraisal of private insurance company as a specific topic. It is a systemized effort to gain new knowledge. Research is academic activity and as such the term should be used in a technical sense, researcher, aimed to provide an original contribution to the existing stock of knowledge making for its advancement. It is the pursuit of truth with the help of study, observation, comparison etc., and researcher is based

in analyzing the customers' appraisal of private insurance company. The data were collected qualitatively as well as quantitatively. By analyzing each and every step, researcher has aimed to present the customers' appraisal of private insurance company.

5. Data collection

Both, primary and secondary data were collected and used for the study. The required secondary data was collected through various journals, magazines, newspapers, books, reports etc. The required primary data were collected from the respondents by face-to-face approach, using of questionnaire. To collect primary data, detailed questionnaire was prepared covering most of the aspects of the objectives of the study.

6. Limitation of the Study

- The time left span for only one month.
- The scope is limited to a study of 50 persons chosen at convenient.
- Due to time constraints, respondents selected from Mayiladuthurai town only.
- There is a possibly of ambiguous replies or omission and manual errors.

7. Review of Literature

Mishra and Das (1977) highlighted that insurance is an essential service which state must provide to its people and it must take the responsibility of rendering this service to one and all.

Jha (1999) commented that improvement in life span and advancement in medical science has changed the consumers' needs for insurance products worldwide.

Anurag (2000) suggested that life insurance products could become source of long term contractual savings.

Rajesham and K. Rajender (2006) examined that the insurance sector facilitated economic development with an objective to build an efficient effective and a stable and insurance business in India as well as a strong base to cater to the needs of both the real economy and social-economic objectives of the country.

Ashok Kumar Panigrahi (2007) stated, no doubt, insurance is not a profitable investment avenue but still there are enough reasons to justify why you should invest in insurance. The importance of life insurance lies in its element of risk converge and no in its returns part. Even though the returns part is very less in life insurance as compared to that of other investments, still it is suggested to have life insurance as the saying goes, "Insure and be Secure".

Sebera (2007) pointed out that, the entry of private players helps in spreading and deepening the operations in the Indian insurance sector which in turn results in restructuring and revitalizing of public sector companies.

8. Analysis and Overview

8.1. Reason for Preference

To identify the reasons for preferring a private insurance, thirteen statements have been prepared and the respondents' level of agreement was measured using five-point scale and the averages are tabled.

Factors	Average level of Agreement
Less premium	4.31
More return	5.10
Attractive schemes	6.51
Variety of products	6.40
Influence of friends relatives as agents	7.53
Make a trail	6.58
Better service	8.89
Timely service	8.90
Less formalities	5.79
Better communication	7.84
Trust worthy	7.10
Friendly approach	8.44
Immediate attention	7.63

Table 1: Reasons for Preference (Using SPSS)

The most important reasons for preferring private insurance company have timely service, better service, friendly approach, better communication, immediate attention, influence of friends and relatives as agents and trust worthiness. The least important factor considered is the less premium level. The Fredman's test also confirmed that there is significant level of difference among the agreement level of the various factors listed at one per cent level. In view of these significant differences, non-parametric multiple

comparison test has also been carried out to identify the order of priority. The first level of importance has been attached to the service factors such as friendly approach, better communication, trust worthiness, immediate attention and influence of friends and relatives as agents, the third to grouped factors which are almost product related one such as attractive schemes and a variety of products, the fourth priority goes to economic factors such as less premium more returns and least weighted factor is comfort oriented such as less formalities and attempting a trial.

Factors		Sum of Sq.	d.f.	Mean Sq.	F.	Sig.
Service	B.G.	4.507	2	2.253	1.149	0.328
	W.G.	72.59337		1.962		
H.R.	B.G.	0.329	2	0.165	0.052	0.949
	W.G.	11.171	37	3.167		
Economic	B.G.	15.949	2	7.974	4.762	0.015*
	W.G.	62.42637		1.687		
Product	B.G.	6.028	2	3.014	1.631	0.209
	W.G.	68.37237		1.848		
Comfort	B.G.	4.729	2	2.365	0.577	0.567
	W.G.	151.671	37	4.099		

Table 2: Age and Priority

* Significant at 5% level (Using SPSS)

Priority towards economic related factors only varies significantly at five per cent level. From the mean values, it has been observed that aged people are more concerned about economic factors compared to the youngsters.

S.No.	Particulars	Respondents	Percentage (%)
1.	Agents	17	42.5
2.	Friends & Relatives	14	35.0
3.	Advertisements	06	15.0
4.	Employer of PLIC	01	02.5
5.	Others	02	05.0
	Total	40	100

Table 3: Awareness

Source: Primary data

The awareness about private insurance among the respondents is found to be mainly through agents (42.5%). The next important source of information is friends and relatives (35.0%) and the advertisement (about 15.0%). Employers of the private insurance and other sources have contributed only two and five percent respectively in creating awareness.

S.No.	Particulars	Respondents	Percentage (%)
1.	Close associates	19	47.5
2.	Unable to decide	19	47.5
3.	Not recommend to others	2	05.0
	Total	40	100

Table 4 Recommendation

Source: Primary data

The respondents' willingness to recommended private insurance to their close associates has been analyzed. 47.5 per cent of the respondents have expressed that they would surely recommended the private insurance policies to their close associates. Another 47.5 per cent are unable to decide and the remaining five per cent state that they would not recommend them to others.

S.No.	Particulars	Respondents	Percentage (%)
1.	Government Policy	08	20.0
2.	Private Policy	32	80.0
	Total	40	100

Table 5: Willingness to opt

Source: Primary data

Among the respondents, 80 per cent prefer to take private insurance policy in the future and only 20 per cent say that they would opt for government policy.

Factors	Satisfaction Level	
	Mean	S.D.
Premium Level	3.8000	0.82275
Returns	3.8000	0.72324
Extension of schemes	3.7250	0.82694
Product variety	3.9750	0.73336
Service extended	4.2500	0.86972
Timely service	4.2375	0.91978
Formalities	3.9000	0.98189
Communication	4.2750	0.71567
Worthiness	3.8750	0.82236
Human approach	4.1000	0.67178
Immediate attention	4.0250	0.61966

Table 6: Satisfaction Level

The factors which highly satisfy the customers are communication, service extended, human approach, immediate attention, product available under less formality. For these factors, even the variations among the respondents are less compare to other factors. So consistency is also observed in the level of satisfaction relating to these factors.

Factors	't'	d.f.	Sig.
Service & Product	-0.460	38	0.648
Comfort	-2.109		0.042*
Economic	-0.536		0.595
Human Relations	-1.311		0.198

Table 7 : Government and Private Sectors Policy Holders and Satisfaction

* Significant at 5% level (Using SPSS)

A significant level of difference has been observed only relating to the factor human relations at 5 per cent level. The mean value score indicates that the respondents who hold government policy are found to have highly satisfied with human relations.

9. Findings, Suggestions and Conclusion

9.1. Findings

Major findings of the study are:

- Public mainly prefer private insurance mainly for the reasons such as timely service, better service, friendly approach, better communication, immediate attention, influence of friends and relatives as agents and trust worthiness.
- Aged people have more concern for economic factors compare4d to youngsters while studying the reasoning for private preference. All other factors like service, human relations, product and comfort do not vary significantly based on age though the reasoning levels are high.
- Respondents who are experiencing both private and government policies find that the private insurance schemes are more attractive.
- The most important means of creating awareness are agents, friends and relatives and advertisement.
- Only 47.5 per cent of the respondents are found to be willing to recommend private insurance but 80 per cent of them are willing to opt for private policies in the future.
- Customers are found to be highly satisfied with service facilities, human relations and attractive schemes.
- Age and income did not exert any significant level of difference in the satisfaction level of the customers regarding service, product, human relations, economic factors and comfort.
- Female respondents are more satisfied with the comfort they experience in the private insurance company compared to male. Satisfaction relating to other service and products, economic and human relations does not vary based on gender.
- Experience with the private insurance company also varies in the satisfaction level of comfort. Fresher to private insurance found to be more comfortable than those who are more experienced. Satisfaction level does not vary relating to factors such as services, economic and human relation factor based on experience with private insurance company.
- Significant level of variation has not been observed in any differences relating to service and product, comfort, economic and human relations factors based on income.
- Respondents who already posses insurance form government corporations are found to be highly satisfied with the human relation aspect compared to those who have only private insurance. This factor does not contribute much on service and product, economic and comfort aspects.

9.2. *Suggestions*

- Private insurance companies have gained their momentum by focusing on better service and relationship marketing. This advantageous position is to be further retained and product varieties can also be improved to attract male customers.
- When they plan schemes for different segments the elderly people schemes for different segments the elderly people scheme must focus more on economic factor because they attach more weightage to this factor compared to younger generation.
- Private insurance companies have attractive schemes to gain the attention of public it would be more effective if they could extend more variety also to attract.
- Though awareness level created by agents contribute much, it is necessary to increase the advertisement support is necessary till the agents gain values.
- Customers opt to buy private insurance policies in the future though all are not prepared to recommend them to others. Some motivational steps could be taken for the recommendations made by the customers.
- When female respondents are found to have a higher level of satisfaction relating to comfort, the advertisements can be focused on targeting the female in this aspect. Trial purchase is also a reason to considerable extent. This might be based on brand loyalty. Companies must take steps to further improve the brand image through more advertisements and also maintaining their service level. Influence of friends' relatives as agents was found to be one of the most important factors influencing the clients in buying the policy and also this is supported by awareness factor also. This source is to be highly exploited with rewards and recognition.

9.3. *Conclusion*

The insurance industry is facing a healthy competition, which really benefits the public. Government sector should further improve their product varieties and attractive schemes to compete with the private sector and also change their attitude further towards service to survive in the market.

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