

A Study on Consumer Perception Towards Insurance Policies**T. Ajit¹, Mrs. Pushpa Machani²****Student¹, Guide²****PGDM-B****SIVA SIVANI INSTITUTION OF MANAGEMENT****KOMPALLY***Abstract*

With the increase in risk there is need of insurance to bear the losses. Insurance is the instrument used as the financial protection against various contingency. This paper examines the customer perception towards the General Insurance. A study had been conducted with the sample of 100 respondents to find out the perception of the customer (policyholders). In this context, the respondents' opinion on the various related statements were collected with a 5-point scaling. Reliability, Factor analysis, multivariate technique had been applied on the data. The result concluded that loyalty, transparency, proficiency, reliable and convenient services are the five factors from the statements on the basis of the expectation of the customers. This study signifies that various customer had different expectation from the insurance company in the studied area.

Keywords: Insurance market, General insurance, Customer perception.

Introduction:

In today's era everyone wants safety and protection. Insurance is an umbrella to protect from risk. Insurance is defined as sharing of the losses of unfortunate among those who are exposed to the same level of risks, suffering and destruction of damage to their properties which are likely to be caused by perils like accident, fire, theft and etc. Insurance is the type of investment which gives the financial security against any uncertainties. Insurance provides various benefits to individuals, families, organizations and the country as whole. The insurance sector in India has become an open competitive market where there are many insurance companies serving different types of insurance products and services. By time insurance has gain much importance and now people prefer non-life insurance to protect against risk.

Literature Review:

Sharma (2011) developed the managerial competency framework for the middle level managers of the general insurance sector in India. For the study survey was conducted among the 98 middle level managers of both private and public general insurance companies. The findings revealed communication skills,

creativity, analytical skills, ability to delegate, flexibility, initiative, interpersonal skills, managerial skills, ability to motivate, ability to plan, job knowledge, team management, managerial skills and decision making were the 14 important competencies. Managerial skills and job knowledge were the most important skills.

Sandhu & Bala (2011) analyzed customers' perception towards life insurance. Data was collected through questionnaire consist of 34 statements from 337 customers of the three cities of Punjab. The result concluded seven factors i.e., proficiency, media & presentations, physical & ethical excellence, service delivery process & purpose, security & dynamic operations, credibility and functionality. They also investigated the relationship between each identified factors and customer evaluation for service quality. The findings revealed that Proficiency, Physical & ethical excellence and Functionality were the significant factors which make impacton the overall service quality of Life Insurance.

Gangil R, Vishnoi S. et al., (2020) The competitive climate in the Indian insurance market haschanged dramatically over the last one decade. With the rise in risk and rapidly increasing in the expenses now a day's people prefer to take insurance to financial secured themselves fromthe uncertainties. After applying the test, it can we conclude that Loyalty, Transparency, Reliable, Proficiency and convenient services are the factors which affect the Customer perception towards General Insurance. There is no difference in the perception of the customer towards general insurance across gender, sector and occupation. The insurance companies should consider the above factors before taking decision.

Scope of the study:

Indian life insurance sector is growing recurrently year on year, but there is a difference in people's perception and behavior towards Term insurance across different age groups of people. This study analyses the perception and behavior of different age groups andthe factors that affect Term insurance policies. This study helps in understanding the insurance requirements of different segments of life insurance marketers.

Objectives of the study: -

- To analysis the Demographic Profile of Customers
- To identify the factors influencing Customer perception towards General Insurance.

Research Methodology: -

This study is an analytical and descriptive research. It is related to the analysis of customer perception towards insurances. In order to conduct this study, customers of various insurance companies are the respondents of this study. To meet the objective of the study the self- designed questionnaire for the measure were developed to identify the factors that affect the mindset of individuals. This questionnaire included 15 closed-ended questions regarding the factors on a 5-point Likert scale. The primary data is collected from insurance policy holders.

Sampling Method:

The method is used for collecting data is Selective sampling because I have only targeted the customers who have purchased Term life insurance

Data collection techniques:

The data collection was done through the means of questionnaire and the data whatever was collected is primary data

Mode of collecting the data:

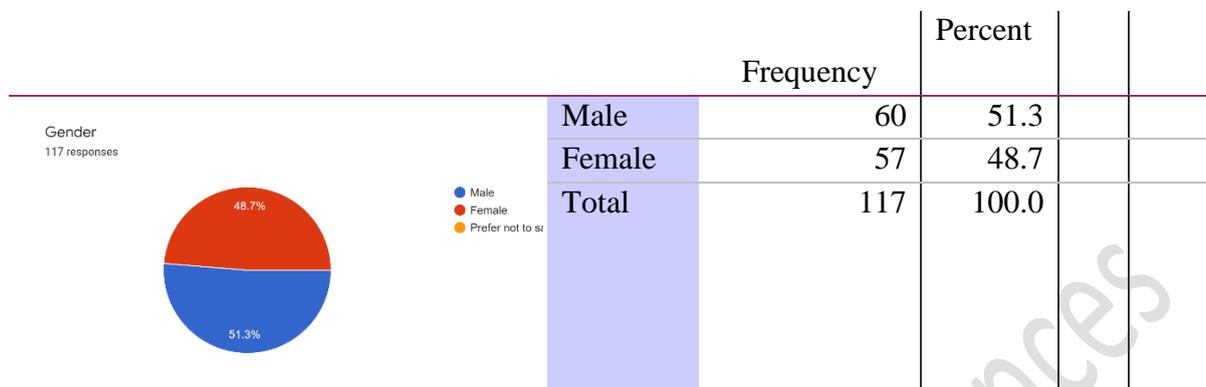
The mode that is being used to collect that of the use of Questionnaire and this questionnaire is being sent to the customers through the means of link where they would give their responses in the link and then submit it once they have recorded all the responses

Tools used for data analysis

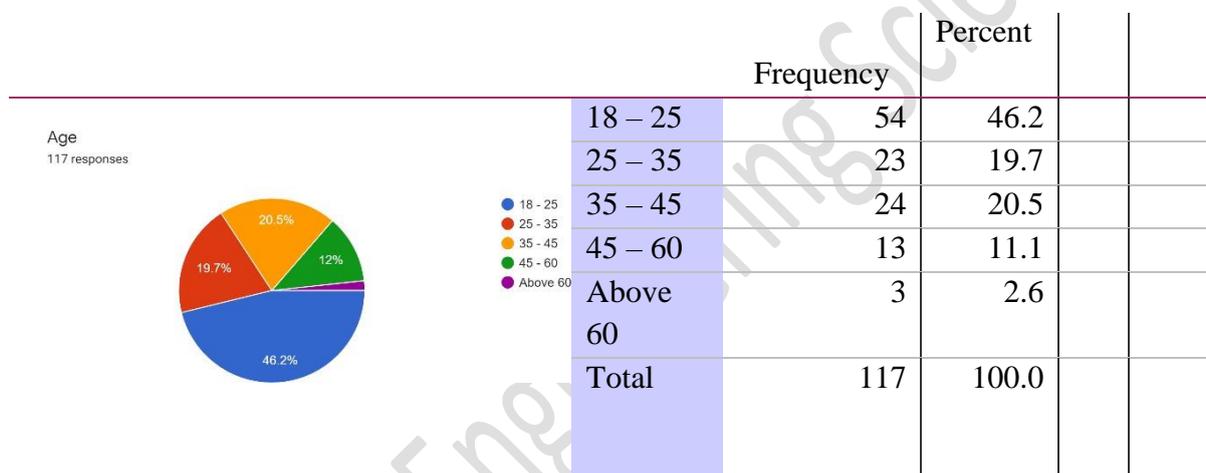
1. The croanbach alpha reliability method was applied on data collected. To check the reliability of used measures in the current study so that if the similar study would be conducted in the near future, so the results of that study would be reliable or repeatable.
2. Exploratory factor analysis was applied to customer perception to identify underlying factors of measured used in the current study

Demographic

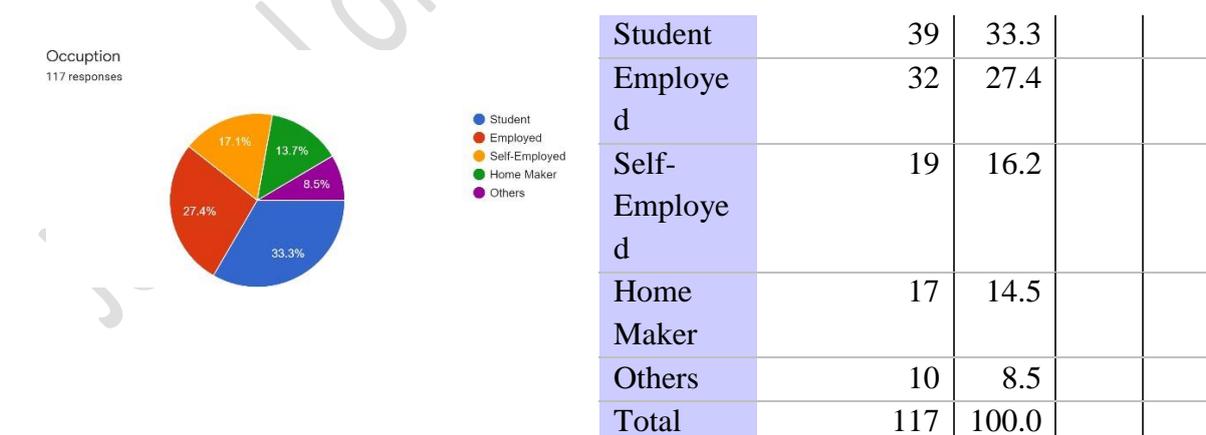
Gender



Age



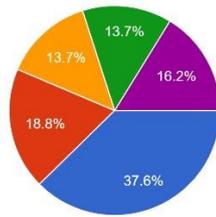
Occupation



Monthly income

	Frequency	Percent
10000 – 20000	44	37.6

Monthly Income
117 responses

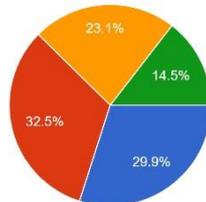


● 10000-30000
● 20000-30000
● 30000-40000
● 40000-50000
● Above 50000

20000 – 30000	22	18.8	
30000 – 40000	16	13.7	
40000 – 50000	16	13.7	
Above 50000	19	16.2	
Total	117	100.0	

Salary Percentage

What percentage of your salary do you usually save?
117 responses



● Less than 15%
● 15-20%
● 20-25%
● Greater than 25%

	Frequency	Percent	
Less than 15%	35	29.9	
15 - 20%	38	32.5	
20 - 25%	27	23.1	
More than 25%	17	14.5	
Total	117	100.0	

Reliability analysis

A reliability test was carried out by using IBM SPSS software. Where in Cronbach's alpha reliability test, it was applied to check the reliability coefficient, which was computed for the entire statement used in the questionnaire.

The reliability test revealed the results wherein Cronbach's alpha reliability which was found to be 0.830. The value of Cronbach's Alpha reliability which is more than the standardize value (0.7). Hence, it can be said that all the statement of the questionnaire are valid and the questionnaire can be treated as highly reliable.

Factor Analysis

Factor analysis using the Principal Component method with Varimax rotation.

Loyalty: -

Loyalty_GPTTP	.791
Loyalty_CSa	.778

Loyalty_PSF1	.701
Loyalty_CCWAD	.612
Loyalty_Goodwill	.568

Table 1: - Show the factor analysis of Loyalty

The variation of the factors as Q10.1(.701), Q10.2(.612), Q10.3(.791), Q10.4(.778) and Q10.5(.568) are correlated with each other. All these statements reflect loyalty of services of general insurance companies. As per questionnaire Q10.3(Policy taking in insurance) plays an important role in the Loyalty as the most of the customers prefer Loyalty. Whereas 10.5(Goodwill of Insurance) has very less impact in the Loyalty.

Transparency: -

Transparency_ODPP	.760
Transparency_CPSP	.757
Transparency_CT	.638
Transparency_Renew	.599

Table 2: - Show the factor analysis of Transparency

In this segment the important variables are Q11.1 (.757), Q11.2 (.760), Q11.3 (.638) and Q11.4(.599). The statement indicates the terms and condition of the policy so termed as Transparency. As per questionnaire Q11.1(Services provided as promised) plays an important role in the Transparency as the most of the customers prefer Transparency. Whereas 11.5(Renew of Policy) has very less impact in the Transparency.

Proficiency: -

Proficiency_Knowledgeperson	.801
Proficiency_Problemsolving	.751
Proficiency_MAS	.725

Table 3: - Show the factor analysis of Proficiency

In this segment the important variables are Q12.1 (.801), Q12.2 (.751), Q12.3 (.725). The statement includes state about the ability of the employees, agents and staff. So, the factor is termed as the proficiency. As per questionnaire Q12.1(Knowledge person in Insurance) plays an important role in the proficiency as the most of the customers prefer proficiency and 12.3(Materials associated with the Services) has very less impact in the proficiency.

Reliable: -

Reliable_Attitude	.841
Reliable_Competitiveprice	.777
Reliable_Agent	.763

Table 4: - Show the factor analysis of Reliable

The extracted factors are Q13.1 (.841) Q13.2 (.777) and Q13.3 (.763). The statements indicate the claim settlement of the policy so termed as reliable or trustworthy. As per questionnaire Q13.1(Employees and agents' attitude) plays an important role in the reliable or trustworthy as the most of the customers prefer reliable or trustworthy. Whereas 13.3(Moral support by the employees and agents) has very less impact in the reliable or trustworthy.

Convenient Services: -

ConvenientServices_Modernequipments	.851
ConvenientServices_Physicalfacilities	.813
ConvenientServices_Errorrecords	.802

Table 5: - Show the factor analysis of Convenient Services

The variable of this factor is Q14.1 (.851), Q14.2 (.813) and Q14.3 (.802). The statement indicates the technology so it is termed as convenient services. As per questionnaire Q14.1(modern equipment and technology) plays an important role in the convenient services as the most of the customers convenient services and 13.3(Moral support by the employees and agents) has very less impact in the convenient services.

Others: -

Others_Taxbenefits	.835
Others>Returns	.798
Others_Safety	.821
Others_CapitalGrowth	.705
Others_Liquidity	.616

Table 6: - Show the factor analysis of Others

The variable of this factor is Q15.1 (.821), Q15.2 (.705), Q15.3 (.616), Q15.4 (.798) and Q15.5 (.835). The statement indicates the technology so it is termed as Others. As per questionnaire Q15.5(Tax benefits) plays an important role in the Others as the most of the customers other factor and whereas 15.3(Liquidity) has very less impact in the other factors.

Findings

- In the factor analysis of Loyalty (Help provide at the time of taking policy) is having more impact than others as per the analysis and whereas for the (Goodwill) has very less impact on the impact on the customers
- In the factor analysis of Transparency (Diversified products and policies) is having more impact than others as per the analysis and whereas for the (Reminder of renew policy) has very less impact on the impact on the customers
- In the factor analysis of Proficiency (Knowledge person dealing with customers) is having more impact than others as per the analysis and whereas for the (Materials Associated with the services) has very less impact on the impact on the customers
- In the factor analysis of Reliable (Employees and agents' attitude of Insurance Company in guiding claim settlement) is having more impact than others as per the analysis and whereas for the (Moral support by the employees and agents of Insurance Company) has very less impact on the impact on the customers
- In the factor analysis of Convenient Services (Modern Equipment's in the company) is having more impact than others as per the analysis and whereas for the (Company insists on error free records (i.e., issuing error-free bills, statements, receipts, contracts, etc.)) has very less impact on the impact on the customers
- In the factor analysis of Others (Tax Benefits) is having more impact than others as per the analysis and whereas for the (Liquidity) has very less impact on the impact on the customers

Conclusion

The competitive climate in the Indian insurance market has changed dramatically over the last one decade. With the rise in risk and rapidly increasing in the expenses now a day's people prefer to take insurance to financial secured themselves from the uncertainties. After applying the test, it can we conclude that Loyalty, Transparency, Reliable, Proficiency and convenient services are the factors which affect the Customer perception towards General Insurance. There is no difference in the perception of the customer towards general insurance across gender, sector and occupation. The insurance companies should consider the above factors before taking decision.

Suggestion

In the factor analysis of Loyalty Goodwill of the company must increase as for the customer perception. Where as in Transparency reminder of the renew policy must be increased. Materials Associated with the services must increase in the Proficiency to customers. Moral support by the employees and agents of Insurance Company should be more in Reliable. Company insists on error free records (i.e., issuing error-free bills, statements, receipts, contracts, etc.) must increase in the Convenient Services provided by the company. The analysis is based on 115 respondents and if we increase the no. of respondent result may vary. To ensure generalization further study should be carried out a much large sample. This research can be used by the insurance companies to understand the perception of the customers towards general insurance. The research can be use by the insurance sector to decide the policy.

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