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Variables Influencing To Buy General Insurance Policies – A Critical Analysis

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ABSTRACT

The customer in general insurance industry may influenced by so many variables to choose the general insurance policy. The respondents may select the general insurance policies from the present insurer due to several reasons. These are all the variables influencing the respondents to buy the policies from the present insurer. Even though the variables are too many, the present study confines 19 variables to annual evaluation of insurance coverage, approach of agents, dissatisfaction of previous insurer, importance of general insurance, easy accessibility of claim within 24 hours, variety of insurance products, agents convincing appeal on general insurance, ideal claim handled in set time frame, agents contracts with new services, agent has control over rates, claims should be reported directly to agents, estate planning is part of the agent duties, easy way to premium deductions, ideal claim handled by personal agent, personal contact, adequate insurance, informative agents/brokers and maximum benefit with minimum cost. The 't'test has been executed to find out the significant difference among the two group of respondents regarding their perception on the variables leading to buy the general insurance policies from the present insurers.

KEYWORDS: General insurance policies; private insurers; public insurers; previous insurers.

INTRODUCTION

Indian economic scenario has changed over last couple of decades in general and in post liberalization period in particular. Changes are even likely to get intensified in years to come owing to ongoing economic crisis. With changes already in hand and the changes that are likely to occur, industries would be constrained to go for newer means of business, newer methods, new investments and may be a complete restructuring of the business involving different nature and extent of risk complexion. Further in order to insure a sustained industrial growth, a sound general insurance mechanism, providing insurance coverage to the business and industry will be of great importance. The growth and financial soundness of general insurance business in itself will lead to growth, financial soundness and strength of the industry as a whole. Moreover, being in the business of covering risks, the general insurance players have to understand their own risks and also the risk of insured's. Since the

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source of largest outflow of money within an insurance company is the claims department, claims management is the key to developing operational excellence. Hence it is intended, through this study, to make an in-depth analysis of the performance of general insurance business in India with reference to claims management.

STATEMENT OF THE PROBLEM

In India biggest concern about the status of insurance is the lack of awareness and second greatest problem is the affordability. It well observed that in non-life insurance sector medical/health insurance and motor vehicle insurance is the fastest growing sector, but if we tried to delineate where do we stand as a country in terms of insurance density and penetration, which are two effective parameters that signifies the insurance consumption, and awareness in a particular area. Since the last few years India has been witnessing a staggering growth in non-life insurance particularly in health insurance sector, still only 15 percent of the population is protected by medical care insurance coverage and worse than that less than 5 percent of population buy a plan voluntarily. The key reasons behind such low acceptability is not only the affordability but the lack of awareness and unwillingness on the part of the potential buyers. The variables or factors influencing to buy general insurance policies are playing a very vital sole. These variables are actually helping the customers to choose the policies. The policies are provided by both public and private players.

OBJECTIVES

To analysis the factors influencing customers satisfaction in the general insurance market.

METHODOLOGY

The present study is purely based on primary data collected from the customers of both public and private insurance players in Kanniyakumari District. The total number of insurance player various from 249 in New India Assurance to 136 in Tata AIG. 395 customers were selected from public player and 373 customers were selected from private players by using fundamental sampling for the purpose of the study. The data were collected through a well structured interview schedule.

TOOLS

The ‘t’ test has been administrated to find out the significant difference between the public insurance and private insurance regarding various aspects in general insurance policies and variables influencing to buy general insurance policies.

VARIABLES INFLUENCING TO BUY THE GENERAL INSURANCE POLICIES

The respondents may select the general insurance policies from the present insurer due to several reasons. These are all the variables influencing the respondents to buy the policies from the present insurer. Even though the variables are too many, the present study confines these variables to annual evaluation of insurance coverage, approach of agents, dissatisfaction of previous insurer, importance of general insurance, easy accessibility of claim within 24 hours, variety of insurance products, agents convincing appeal on general insurance, ideal claim handled in set time frame, agents contracts with new services, agent has control over rates, claims should be reported directly to agents, estate planning is part of the agent duties, easy way to premium deductions, ideal claim handled by personal agent, personal contact, adequate insurance, informative agents/brokers and maximum benefit with minimum cost. The respondents are asked to rate the above said 19 variables at five point scale from highly agree to highly disagree. The assigned marks on these scales are from 5

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to 1 respectively. The mean score of each variable among the respondents in two group of insurance companies have been computed. The ‘t’test have been executed to find out the significant difference among the two group of respondents regarding their perception on the variables leading to buy the general insurance policies from the present insurers. The results are given in Table 1.1

Table 1.1

Variables Influencing to Buy the General Insurance Policies

Sl. No.	***Variables***	***Mean score among respondents in***		***‘t’ statistics***
		Private Players	***Public Players***	
1.	Annual evaluation of insurance coverage	3.8143	2.4508	3.3488*
2.	Approach of agents claims/contract	3.1471	3.2401	-0.1732*
3.	Dissatisfaction on previous insurer	3.8469	3.2457	2.5699*
4.	Importance of general insurance	3.9103	3.3603	2.6194*
5.	Easy accessibility of present insurer	3.4516	3.7331	-1.6842
6.	Availability of claim within 24 hours	3.6869	2.8908	2.8283*
7.	Variety of insurance products	3.9146	3.2244	2.7642*
8.	Agents convincing appeal on general insurance	2.5844	3.5802	-3.1177*
9.	Ideal claim handled in set time frame	2.7187	3.5011	-2.8186*
10.	Agents contacts with new services	3.0684	3.2334	-0.4171
11.	Agent has control over rates benefit	3.4554	3.8182	-2.3096*
12.	Claims should be reported directly to agent	3.6886	3.4993	0.4192
13.	Estate planning is part of the agent duties	2.4508	3.3366	-3.3146*
14.	Easy way of premium deductions	3.7033	3.1703	2.6091*
15.	Ideal claim handled by personal agent	2.9198	3.7379	-2.8972*
16.	Personal contact	3.1417	3.9308	-3.0343*
17.	Adequate insurance	3.5143	3.8184	-1.1172
18.	Informative agents/brokers	3.7179	3.4149	1.2414
19.	Maximum benefit with minimum cost	3.3046	3.8184	-2.5245*

* Significant at five present level.

The important variables perceived among the respondents in the private players are the variety of insurance products, importance of general insurance and annual evaluation of insurance coverage since their respective mean scores are 3.9146, 3.9103 and 3.8143. The important variables among the respondents in public players are personal contact and adequate insurance since its mean scores are 3.9308 and 3.8184 respectively. Regarding the perception on the variables leading to buy the general insurance policies, the significant difference among the two group of

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respondents is noticed on 13 out of 19 variables cost since their respective 'F' statistics are significant at five per cent level.

FACTORS LEADING TO BUY GENERAL INSURANCE POLICIES FROM THE PRESENT INSURERS

The factors leading to buy policies from the present insurers are examined with the help of factor analysis. The score of 19 variables have been included for the analysis. Initially, the validity of data for factor analysis have been conducted with the help of KMO sampling adequacy and Bartlett's best of sphericity. The value of KMO is greater than the standard minimum of 0.5. The chi-square value is significant even at zero per cent level. Hence, these two tests confirm the validity of data for factor analysis. The factor analysis results in five important factors. The narrated five factors explain the variables leading to buy the policies to the extent of 65.20 per cent. The variables included in each factor, its eigen value, per cent of variation explained and the reliability coefficient is given in Table 1.2

Table 1.2

Factors Leading to buy the Policies from the Present Insurers

Sl. No.	*Factors*	*No. of Variables in*	*Reliability coefficient*	*Eigen value*	*Per cent of variation explained*	*Cumulative per cent of variation explained*
1.	Claim/Contact	5	0.8184	3.1142	16.39	16.39
2.	Personal Relationship	4	0.7081	2.8033	14.75	31.14
3.	Product	4	0.7649	2.4149	12.71	43.85
4.	Benefit	3	0.8219	2.0596	10.84	54.69
5.	General Insurance	3	0.7103	1.9969	10.51	65.20
KMO Measure of sampling adequacy:0.7549				Bartlett's test of sphericity: chi-square value:79.03*		

* Significant at five per cent level.

The most important factor leading to buy the policies from the present insurer is 'claim / contact' since its Eigen value and the per cent of variation explained by this factor are 3.1142 and 16.39 per cent respectively. The "Claim and contact" factor consists of five variables with the reliability coefficient of 0.8184. It infers that the included five variables explain this factor to the extent of 81.84 per cent. The second and third important factor are 'Personal relationship and Product' since its Eigen values are 2.8033 and 2.4149 respectively. The personal relationship factor consists of four variables with the reliability coefficient of 0.7081 whereas the 'product' factor consists of four variables with the reliability coefficient of 0.7649. The last two factors identified by the factor analysis are 'Benefit' and 'General insurance' since its eigen values is 2.0596 and 1.9969 respectively. The 'Benefit' factor consists of three variables with the reliability coefficient of 0.8219 whereas the 'General insurance' factor consists of three variables with the reliability coefficient of 0.7103. The factor analysis results in five important factors leading to purchase of the policies from the present insurers for further analysis.

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LIMITATIONS OF THE STUDY

The present study covers top four private and public general insurance in Kanniyakumari District.

No scientific sampling procedure has been followed to distribute the sample size and selection of samples in the population even though, it is determined scientifically.

FINDINGS AND CONCLUSION

The highly viewed variables by the respondents in private players are variety of insurance products and importance of genera insurance. Among the respondents in public players, these are personal contact and adequate insurance. The significant difference among the two group of respondents have been noticed in their view on 13 out of 19 variables.

The important factors to buy the general insurance policies narrated by the factor analysis are claim/contact, personal relationship, product, and general insurance. The highly viewed factors by respondents in private players are product and personal relationship whereas among the respondents in public players, these are general insurance and benefit. The significant difference among the respondents in private and public players is the perception on product, benefit and general insurance.

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