
A study on factors influencing consumer perception on general insurance

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Abstract: The world is changing everyday with that the risk and uncertainties also increases. The research paper titled 'A study on consumer perception on general insurance'. The objective of this study is to analyse factors which affects the consumer perception on general insurance. The research design used in this study is descriptive research design and the technique used is Simple random technique. The sample size of this study is 110 respondents and primary data is used. The tools used for this study are Frequency analysis, Mean analysis, Independent T test and ANOVA. In this study we found that there is a significant difference among Age, Education and Occupation with respect to consumer perception towards insurance policy and there is no significant difference among income with respect to consumer perception towards insurance policy. We can conclude that Appropriate and Timely service, Reliability of the company, Quality of service, Customers convenience and Relationship with customer are the factors which affect the consumer perception towards General Insurance.

Keywords: General insurance, Consumer perception, Timely service, Consumer satisfaction, Customer convenience

INTRODUCTION

Finance is a term that comprises management, creation and study of money and its investment. Specifically, it deals with the question of how and why an individual, company or government acquires the money needed called capital in the company context. Finance is the basic in all business. And it is significant for a business to deal with its accounts productively. Finance and finance management incorporates various business and legislative activities. Finance management can be characterized as those business activities conducted with the objective of maximizing shareholder's wealth, using the standards of the time estimations of cash, diversification, leverage and an investment expected rate of return versus its risk.

Generally, Insurance is a means to protect us from financial loss. An entity or company which provides insurance is known as insurance company, insurer, insurance carrier or under writer. An individual or entity who purchases insurance is known as an insured or as a policy holder. The insurance assures guarantee to the insured against small losses. This loss may be financial or non-financial, however it must be reducible to money related terms, and usually involves something in which the insured has an insurable interest established by ownership, possession etc.

Insurance policy is the legal contract between insurer and insured. In every insurance policy there will be some condition and circumstances. According to this condition the insurer will pay the insurance amount to the insured person or the nominees. Insurance is a means to protect everyone from financial loss. Any person or company can seek insurance from an insurance company but the final decision will be under the control of the insurance company. Insurance companies will make decisions by evaluating the claim application.

Customer perception refers to the customer's assessment about one's business or product. It sums up how customers feel about your brand including each direct or indirect experience they have had with one's organization. By checking customer perception, your business can spot regular client pain points and improve customer journey. Customer perception about one's product or service has an impact on how they buy your product or service and how they interact with your product and services.

Our research idea is based on the rich knowledge acquired by our peer teams across the university.(A.C.Gomathi, S.R.Xavier Rajarathinam, A.Mohammed Sadiqc, Rajeshkumar, 2020; Danda et al., 2009; Danda and Ravi, 2011; Dua et al., 2019; Ezhilarasan et al., 2019; Krishnan and Chary, 2015; Manivannan, I., Ranganathan, S., Gopalakannan, S. et al., 2018; Narayanan et al., 2012, 2009; Neelakantan et al., 2013, 2011; Neelakantan and Sharma, 2015; Panchal et al., 2019; Prasanna et al., 2011; Priya S et al., 2009; Rajeshkumar et al., 2019; Ramadurai et al., 2019; Ramakrishnan et al., 2019; Ramesh et al., 2016; Venugopalan et al., 2014)

Currently we are working on “ A Study on factors influencing consumer perception on general insurance”.

LITERATURE REVIEW

(Tripp et al., 2004) the paper diagrams the use of existing actuarial procedures to operational danger. It thinks about how, working related to different specialists, statisticians can build up another system to audit, set up, set up, distinguish, comprehend and choose what to do regarding the administration and relief of operational danger. The paper concludes up with a brief audit of suggestions for revealing and thinks about what future work will help build up the actuarial commitment.

(Gupta, 2007) reviewed the little development of health insurance. It has not had the option to bring out excitement among Indian insures. From their study we can understand that in India 79 percentage of health expenditure are borne by private bodies and the rest is by public. Authors are in opinion that to stimulate private health insurance development Indian government has to recognise health insurance as a separate line of business and it have to distinguish from other non-life insurance.

(Barkur et al., 2007) have examined the influence of 5 critical factors on service quality in the insurance sector. Having studied the impact of these basic factors, an attempt has been made to get a conventional solution for upgrade the nature of service by proposing a comprehensive structure of learning associations. The outcomes have shown that the key boundaries, for example past experience, individual needs, outer correspondence, verbal, and dynamic customers have noteworthy impact on administration nature of the protection segment.

(Babu et al., 2009) have analysed the selling movement in insurance industry is hugely relied upon individual selling capacity. Insurance deals operators plan various methodologies to win the customer both in short and since quite a while ago run. This study has tried to recognize the variables that essentially help the protection operator in achieving deals.

(Dean, 2010) has examined prior rental car experience for its effect on estimated odds of an accident and possibility to purchase rental car insurance. Contrasted with individuals who had not leased a vehicle previously, individuals with earlier rental experience assessed the chances of a mishap including their vehicle to be essentially more outlandish (a danger assimilation impact). The two factors of assessed chances of a mishap and information on existing protection inclusion were not huge indicators for either kind of protection buy.

(Vongsuraphichet and Johri, 2011) have examined insurers and intermediary's perception of the response its Thailand's non-life insurance industry to deregulation. The respondents are comprised of two groups of insurers and intermediaries. The factor analysis derived the result of four factors that explain the perception of insurers and intermediaries. That four factors include alliance, survival, local knowledge and mergers and acquisitions.

(Rao and Pandey, 2013) addresses that the complained about general insurance is more than that of life insurance. And to minimise operating losses and to ensure operational excellence claim behaviour of general insurance be investigated. An empirical result of the study demonstrates that there exists a relationship between types of sector, for example public, private and segments of insurance namely fire, marine, miscellaneous.

(Das, 2013) investigated the degree to which Indian insurance agencies have adapted socially responsible reporting practices, HR disclosures and furthermore to find out areas of corporate social reporting and HR disclosures. From the study it is found out that general insurance company disclosed significantly less social information than life insurance companies. And also, a paired difference t-test shows private general insurance companies disclose more social information as the difference significant.

(Nayak et al., 2019) studied the strategic imperatives of digital technology for the inclusive social health models for the Bop customers, social health insurance structure of any nation is the public identifier of the nation's strategy for taking care of population which cannot get to or bear the cost of quality health care. Study was conducted by interviewing 53 Indian health insurance cox's. With the use of semi structured questionnaires. The study highlighted 3 key themes for technology implementation in the social health insurance sector analytical for risk management, cost optimisation for operations and customer experience enhancement. Study reveals how insures can enhance the coverage of bop population by leveraging technology.

(Adeeth et al., 2020) have studied the correlation of crop insurance adoption and estimation of the impact on debt and farm income. They have used nationally representative data from the National Sample Survey Office (NSSO), which includes 35200 farming households. Logit and Propensity score matching 19 techniques were used for the study. From the study they found that around 5 percent of households ensuring their crops among the 87 percent of them are not receiving the claim. Which means that crop insurance in India failed. The authors results were in contrast to the risk balancing theory.

(Eling and Kraft, 2020) have analysed the use of telematics in insurance and its consequences for the insurability off risks. They outlined the potential future research questions which will arise from the use of telematics in insurance. They systematically reviewed existing studies. They used 52 academic studies and industry papers which were published from 2000- 2019. The result emphasised on the effect of new information on information asymmetry and risk pooling.

(Akhter et al., 2020) In this study, the focus is to assess insurance demand across selected Asian and OECD countries during the period of the global financial crisis. They collected data from 55 emerging Asian and OECD

countries during the period of the global financial crisis. The result shows that in high income areas the global financial crisis affects negatively the demand of general insurance. Higher reliance proportion in Asia will in general diminish insurance request, while instruction if there should be an occurrence of Asia decidedly impacts insurance request demonstrating that higher proficiency rate can be useful to catch the expected clients.

RESEARCH METHODOLOGY

This study is developed in the context of analysing the factors which influences the perception of consumers about general insurance policy. It ascertains the factors such as appropriate and timely service, reliability of the company, quality of service, customers convenience and relationship with customers which influences the customer perception. For the study, the research design employed here was descriptive research design. This type of research is usually conducted to study a problem that has not been clearly defined yet. The descriptive research method primarily focuses on describing the nature of a demographic segment, without focusing on “why” a particular phenomenon occurs. This research is based on convenient sampling and snowball sampling.

The first-hand information which is being collected by the researcher is called primary data. In this study, the primary data was collected through structured questionnaire with various measures. Besides the primary data, the secondary data was also collected for the study. Websites, books were referred for this purpose from the library to facilitate proper understanding of the study.

The type of research design used in this study is a descriptive research design. The study is done using primary data collection. A structured questionnaire is constructed to collect primary data. The respondents of the study are the consumers who already taken general insurance as well as the consumers who are willing to take insurance policy. Simple random technique was used. This study taking into consideration few household residents around Thrissur, Kottayam districts in Kerala. The sample size derived for the study was from 110 respondents. The questionnaire was separated into two segments where it shows the sequence of data which will be processed and analysed in the next chapter to get the result of the study. The first segment of the questionnaire was about the demographic profile of the respondents. And the second segment of the questionnaire contains 5 points Likert scale to find out the factor which most influences the customer perception. The collected data were classified, tabulated and analysed with the statistical tools (SPSS) like Frequency analysis, Mean analysis, Independent T-test and One-way ANOVA.

DATA ANALYSIS

FREQUENCY ANALYSIS

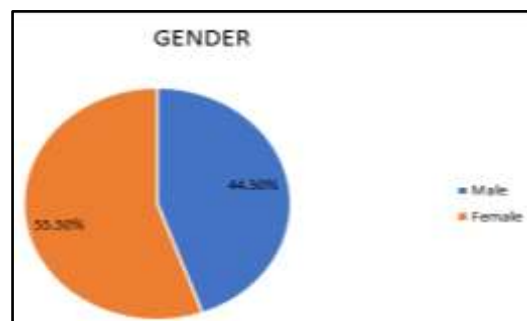


Fig.1: The pie chart describes the gender of the insurance holders. 55.50% of sample respondents were Female and the remaining 44.05% were Male.

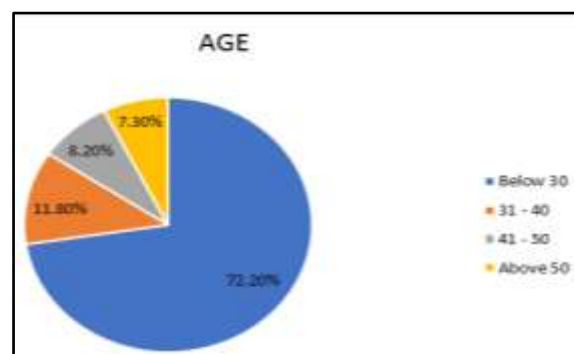


Fig.2: The pie chart describes the age of the respondents. 72.20% of the insurance holder were of age below 30 years.11.80% of insurance holder were of age 31 - 40years. 8.20% of the insurance holders were of age 41 - 50 years and the remaining 7.30% were of age above 50.

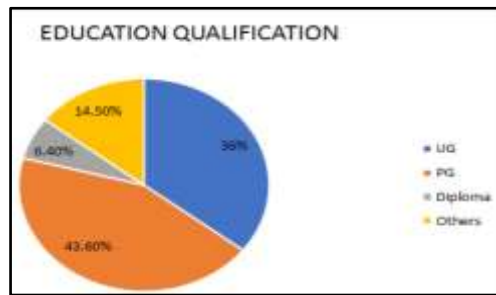


Fig.3: The pie chart depicts the Education background of sample respondents . 43.6% of respondents were Postgraduate. 36% of respondents were Undergraduate, 14.50% of respondents were having other qualifications and the remaining 6.40% of respondents were doing Diploma.



Fig.4: The pie chart describes the occupation of the Insurance holders. 62.7% of respondents were students. 11.8% of respondents were Private Employees. 10.00% of respondents were doing Business. 6.40% of respondents were housewives . Government Employee and Others having 4.50%.

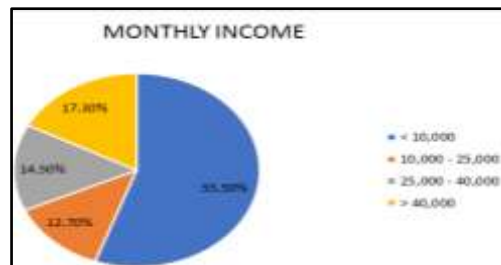


Fig.5: The pie chart describes the Monthly Income of the respondents. 55.5% of respondents were having less than 10,000. 17.30% of respondents were having more than 40,000. 14.5% Of respondents were having Income between 25,000 - 40,000, remaining 12.7% having Income between 10,000 - 25,000.

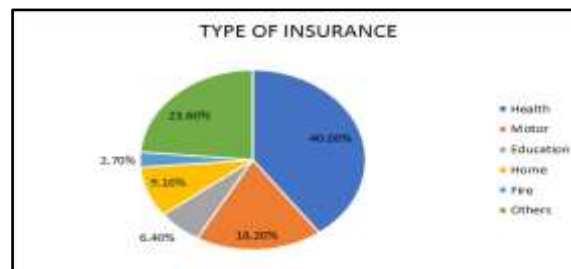


Fig.6: The pie chart depicts the Type of Insurance taken by the respondents. 40.0% respondents were taken Health Insurance, 23.60% respondents were taken Other type of insurance, 18.20% respondents were taken Motor Insurance, 9.10% of respondents were taken Home Insurance ,

6.40% of respondents were taken Education Insurance and the remaining 2.70% respondents were taken Fire Insurance.

Table 1: Mean analysis for consumer perception towards insurance policy

S.NO	Consumer perception towards insurance policy	Mean	Rank
1	The company must keep its customers with latest information	3.7364	6
2	Company must show honesty in their services	3.8182	2
3	Time alerts must be given in case of policy being lapsed	3.5818	15
4	The goodwill of the company is important	3.7818	4
5	Products offered must be cost effective	3.6364	12
6	Procedure of settlement of the claim must be speedy	3.7000	8
7	The behavior of agents must be generous	3.6636	10
8	The company must use updated technology	3.8636	1
9	Effective customer grievance handling	3.5909	14
10	It must provide convenient working hours	3.7545	5
11	The service charge must be reasonable	3.6000	13
12	Easy access to agents	3.7000	8
13	Focuses on building healthier relationship with customers	3.8091	3
14	Provides risk coverage to customers	3.6455	11
15	Suggests the exact scheme which is suitable to customers income and other conditions	3.7182	7

Table 1 shows the mean analysis for customer perception towards insurance policy. It is clear from the table the company must use updated technology (3.8636) followed by company must show honesty in their services (3.8182), focuses on building healthier relationship with customers (3.8091), the goodwill of the company is important (3.7818), it must provide convenient working hours (3.7545), the company must keep its customers with latest information (3.7364), suggest the exact scheme which is suitable to customers income and other conditions (3.7182), easy access to agents (3.7000), procedure of the settle the of the claim must be speedy (3.7000), the behaviour of the agents must be generous (3.6636), provide risk coverage to customers (3.6455), product offered must be cost effective (3.6364), the service charge must be reasonable (3.6000), effective customer handling grievance handling (3.5909) and time alerts must be given in case of policy being lapsed (3.5818).

Table 2: Demographic profile and consumer perception towards insurance policy

Consumer perception towards insurance policy	Gender T value	Age F value	Education F value	Occupation F value	Income F value
Appropriate and Timely service	3.107	6.649	8.076	2.796	1.906
Reliability of the company	3.282	9.450	5.983	4.362	3.198
Quality of service	1.828	6.455	3.654	3.165	2.148
Customers convenience	1.513	3.190	4.645	1.853	1.415
Relationship with customer	2.069	3.824	4.736	3.562	1.823

Table 2 shows the T value and F value of the demographic variables. It is found that almost all the F values such as Age, Education and occupation are significant with respect to consumer perception towards insurance policy. However remaining F value of monthly income and T value of Gender are insignificant with respect to consumer perception towards insurance policy.

SUGGESTION

- The study is based on 111 respondents and if we increase the number of respondents the result may vary.
- New promotional strategies must be adopted by insurance companies to market general insurance.
- The misconception on insurance marketing among consumers should be removed by using effective awareness programs.
- People prefer the insurance industry as a part time job. So, insurance companies have to find the interested people in working part time and special training must be given to them.
- Insurance companies should focus more on personalising interaction with customers on diverse channels.
- To retain the customers, insurance companies should focus on effective customer grievance handling.

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 expenses now a day's people prefer to take insurance to financially secure themselves from the uncertainties. After applying the test, we can conclude that Appropriate and Timely service, Reliability of the company, Quality of service, Customers convenience and Relationship with customer are the factors which affect the Customer perception towards General Insurance. Hence, there is a significant difference between age, education and occupation with respect to consumer perception towards insurance policy and there is no difference in the perception of the customer towards general insurance across gender and occupation. The insurance companies should consider the above factors before making a decision.

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