A Study on Consumer Preference on Insurance Companies in Tiruchirappalli District

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Abstract: Insurance companies play an important role in the welfare of human well-being by providing protection to millions of people against life risks such as uncertain death or accident. Customers are the important aspects of life insurance business. Every organization tries to attract new customers and also retain existing customers in order to keep their profits high. The marketing strategies help insurance companies to maintain a good competitive edge on its competitors. The proper understanding of consumers, their needs and expectations help insurance providers to bring betterment in product as well as services offered. In comparison with the developed foreign countries, the Indian life insurance industry has achieved only a little due of low customer awareness, high premiums, delayed and poor customer services, lack of suitable products. In many ways the entry of private players has marked a second coming for the sector. Within three years, the sector has undergone a makeover offering the market more choice, better service, quicker settlement, tighter regulations, and greater awareness.

I. INTRODUCTION

Human life is a most precious asset and life insurance is one of the ways which provides financial protection to a person and his family at the time of any disaster. Life insurance provides both safety as well as protection to individuals and also boosts savings among people. Insurance companies play an important role in the welfare of human well-being by providing protection to millions of people against life risks such as uncertain death or accident.

In today's competitive world, it becomes necessary for life insurers to provide customer satisfaction, spread more awareness, stress on need based innovative products and affordable price. This would help every individual to avail the benefits of insurance and protect their lives against future risks and uncertainties. Earlier life insurance was used as a tool to protect the income of families, particularly young families in income saving phase, in the event of the head of household's death. But now, life insurance is used for many other reasons, including wealth preservation and tax saving. Whether an individual needs to have life insurance or not, merely depends on his need

The Indian insurance industry, taking advantage of positive conditions in the economy, has seen a fabulous growth in the recent years after passing LPG policies. It has undergone a significant transformation and emerged with noticeable trends. Conversely, it faces increasingly tremendous challenges because of changing customer demographics, technology know-how regulatory changes and emerging channels of distribution. In addition to that, with the increasing awareness of India's populace about the risks in daily life and importance of insurance policies, the entry of global players and their benefits have positively changed the insurance industry into a dynamic one. As a result of all this, at present, there are 13 major players in India (1 public sector and 12 private players) trying to capture their ranking by fulfilling the needs and wants of the customers. However, they continue to face big challenges in satisfying their customers.

The policy-owner's trust placed on the managers of life insurance companies casts a heavy responsibility to ensure that their institutions are professionally managed at all levels and they do, and are seen to, conduct their business with the highest level of integrity. If the insurers understand all the expectations of the insurers and do their best to meet them, customers are said to be satisfied.

II. Review of Literature

N. Namasivayam, S. Rajendran and R. Eswaran (2012)[1] studied the influence of socio-economic factors on attitude of policyholders towards SBI life insurance schemes. The study revealed that socio-economic factors such as age, gender, occupation, nature of family and income levels, play a major role in influencing the preference of policyholders whereas factors like educational level, caste and marital status of the respondents showed that they do not influence the preference of policyholders.

Dr. P. Sheela and G. Arti (2012)[2] stressed that the insurance companies have to understand the changing needs of customers. They have to develop viable and cost-effective distribution channels, build consumer awareness and confidence which will together contribute in further strengthening the insurance business in India. The study revealed that though majority of the respondents are aware of life insurance and its significance, only 41.7% of them have opted for insurance coverage. The study indicated that saving element was the main element that made them to purchase life insurance policies.

III. Statement of the Problem

Insurance companies play an important role in the welfare of human well-being by providing protection to millions of people against life risks such as uncertain death or accident. Customers are the important aspects of life insurance business. Every organization tries to attract new customers and also retain existing customers in order to keep their profits high. The marketing strategies help insurance companies to maintain a good competitive edge on its competitors. The proper understanding of consumers, their needs and expectations help insurance providers to bring betterment in product as well as services offered. In comparison with the developed foreign countries, the Indian life insurance industry has achieved only a little due of low customer awareness, high premiums, delayed and poor customer services, lack of suitable products.

IV. Objectives of the Study

The following objectives are framed for the present study

1. To study the perception of consumer preference towards insurance companies in Tiruchirappalli district
2. To know the factors influencing to choosing insurance companies for taking policy
3. To give suitable suggestions to improve the sales volume of insurance companies

V. Methodology

This is a descriptive research which deals with the entire life insurance Industry in India. The target population is the policy holders, which may be considered as an infinite one. The convenient sampling technique was adopted for the present study. The sample size of 100 respondents was selected for the study in Tiruchirappalli District.

Analysis and Interpretation

S. No	Insurance companies	No. of Respondent	Percent
1.	United India Insurance	23	23.0
2.	Life Insurance Corporation	37	37.0
3.	ICICI prudential life Insurance	14	14.0
4.	Bajaj Alliance	10	10.0
5.	New India Assurance	16	16.0
	Total	100	100.0

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[1] Namasivayam.N, S.Rajendran and R.Eswaran (August 2007,), "Attitude of Policyholders towards SBI Life Insurance Schemes", Insurance Chronicle, pp: 61-70
[2] P.Sheela & G.Arti (Sep 2007), Awareness of Life Insurance Policies, Insurance Chronicle, pp: 61-67.

The above table shows that 37% of the respondents are having insurance policy from LIC. 23% of the respondents are having insurance policy from United India Insurance. 16% of the respondents are having insurance policy from New India Assurance. 14% of the respondents are having insurance policy from ICICI prudential life insurance company. 10% of the respondents are having insurance policy from Bajaj Alliance.

T-Test
Difference between marital status of the respondents and their opinion about overall consumer preference of LIC policy

Q3.Marital Status	Mean	S.D	Statistical inference
Trustworthiness			
Married (n=258)	17.79	3.302	T=-.078 Df=98
Unmarried (n=342)	17.81	3.583	.938>0.05 Not Significant
Financially sound			
Married (n=258)	18.07	4.002	T=.288 Df=98
Unmarried (n=342)	17.98	3.562	.773>0.05 Not Significant
Customer oriented			
Married (n=258)	17.07	3.150	T=-1.394 Df=98
Unmarried (n=342)	17.42	2.938	.164>0.05 Not Significant
knowledge and service			
Married (n=258)	17.28	2.959	T=-1.469 Df=98
Unmarried (n=342)	17.63	2.830	.142>0.05 Not Significant
LIC Policy			
Married (n=258)	17.52	2.910	T=1.380 Df=98
Unmarried (n=342)	17.19	2.988	.168>0.05 Not Significant
Advertisements and publicity			
Married (n=258)	16.98	3.140	T=-.556 Df=98
Unmarried (n=342)	17.12	3.109	.578>0.05 Not Significant
Buying decisions			
Married (n=258)	17.08	3.005	T=.603 Df=98
Unmarried (n=342)	16.93	3.082	.547>0.05 Not Significant
Benefits			
Married (n=258)	16.79	2.635	T=.129 Df=98
Unmarried (n=342)	16.77	2.723	.898>0.05 Not Significant
Claims and settlement			
Married (n=258)	16.66	2.992	T=-.476 Df=98
Unmarried (n=342)	16.77	3.099	.634>0.05 Not Significant
Online services			
Married (n=258)	16.82	3.165	T=.527 Df=98
Unmarried (n=342)	16.68	3.360	.598>0.05 Not Significant
Loan for policies			
Married (n=258)	16.97	2.993	T=.416 Df=98
Unmarried (n=342)	16.86	3.140	.678>0.05 Not Significant
Bank Loan with LIC coverage.			
Married (n=258)	17.05	3.727	T=-.792 Df=98
Unmarried (n=342)	17.29	3.715	.429>0.05 Not Significant
Overall consumer preference			
Married (n=258)	206.07	12.500	T=-.337 Df=98
Unmarried (n=342)	206.44	14.060	.736>0.05 Not Significant

The above table reveals that there is no significant difference between marital status of the respondents and their opinion about overall consumer preference of insurance companies. Hence, the calculated value is greater than table value (p>0.05).

Research hypothesis

There is a significant difference between marital status of the respondents and their opinion about overall consumer preference of insurance companies

Null hypothesis

There is no significant difference between marital status of the respondents and their opinion about overall consumer preference of insurance companies

Statistical test

Student't' test was used in the above hypothesis

Findings

The above table reveals that there is no significant difference between marital status of the respondents and their opinion about overall consumer preference of insurance companies. Hence, the calculated value greater than table value (p>0.05). So the research hypothesis is rejected and the null hypothesis is accepted.

VI. FINDINGS OF THE STUDY

- 52 percent of the respondents highly satisfied the statement of "Agents and offices staffs are helping the customers when the needs and doubts arise".

- 60 percent of the respondents satisfied the statement of "I have knowledge about my policy maturity"

- 53 percent of the respondents highly satisfied the statement of "Family members are choosing the policy".

- 52 percent of the respondents are satisfied the statement of "Policy bond is enough security for bank loan".

- 53 percent of the respondents highly satisfied the statement of "Verification of policy holder for payment is certifiable".

- 49 percent of the respondents are satisfied the statement of "Settlement is not too delayed".

VII. SUGGESTIONS TO THE CUSTOMERS

1. ƒ As far as possible choose the early mode of premium payment.

2. ƒ Stay buying life insurance during the healthy period.

3. ƒ Do not pay a markup in premium in temporary illness.

4. ƒ Attach a level term cover rider to endowment plans to increase the life cover

VIII. SUGGESTIONS TO INSURANCE COMPANIES

1. To achieve greater insurance penetration, the healthier competition has to be intensified by both the sectors and they should come up with new innovative products and also make improvement in the quality of services.

2. People are aware of the private life insurers but still many hesitate to invest. Therefore it is important to create trust and confidence among the investors that private insurance is a safer option for investing through greater transparency in the system.

3. Private insurers require to shift their focus from urban to rural areas where majority population are poor and uninsured due to lack of awareness and inability to pay high premium rates.

4. Effective policy and action should be taken against parties involved in insurance fraud to safeguard the interest of the policyholders.

IX. CONCLUSION

India being a developing country, the importance of insurance in the national economy is paramount .Insurance is a pool of small savings or individuals that make up cores of rupees. Even in industrially advanced countries, the insurance plays a significant role in supplying long - term capital to national economy and accelerating the process of self generation of the gross production of national saving.

In many ways the entry of private players has marked a second coming for the sector. Within three years, the sector has undergone a makeover offering the market more choice, better service, quicker settlement, tighter regulations, and greater awareness. Furthermore, from this study, the author strongly believes that the purchasing decision of the consumer depends on quality, accessibility and promptness of services, which may lead a company acquire the top rank with a huge market share.

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