A STUDY ON AWARENESS TOWARDS MOTOR VEHICLE INSURANCE BASED ON CREDIT POLICY WITH REFERENCE TO COIMBATORE

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Introduction:
        The insurance industry of India consists of 52 insurance companies of which 24 are in life insurance business and 28 are nonlife insurers. Among the life insurers, Life Insurance Corporation (LIC) is the sole public sector company. Out of 28 nonlife insurance companies, there are six public sector insurers, which include two specialized insurers namely Agriculture Insurance Company Ltd for Crop Insurance and Export Credit Guarantee Corporation of India for Credit Insurance. Moreover, there are 17 private sector insurers and 5 private sector insurers are registered to underwrite policies exclusively in Health, Personal Accident and Travel insurance segments. They are Star Health and Allied Insurance Company Ltd, Apollo Munich Health Insurance Company Ltd, Max Bupa Health Insurance Company Ltd, Religare Health Insurance Company Ltd and Cigna TTK Health Insurance Company Ltd. In addition to 52 insurance companies, there is sole national reinsurer, namely, General Insurance Corporation of India. Other stakeholders in Indian Insurance market include licensed Agents (Individual and Corporate), Brokers, Common Service Centres, Web Aggregators, Surveyors and Third Party Administrators servicing Health Insurance claims. The insurance sector is growing at a speedy rate of 1520%. Together with banking services, insurance services add about 7% to the country's GDP. The insurance per capita in India has increased to $ 16.90 in 2005 and the overall penetration in India stood at 3.28% of the GDP. India's overall world ranking in terms of total premium volume improved from 23rd in 2000 to 19th in 2005 and its share in the world market increased from 0.41% to 0.59% during the same period (IRDA source).

Objectives of the Study:
  ✓ To describe general insurance business scenario in India.
  ✓ To ascertain the awareness of the policyholders on various aspects of motor vehicle insurance based on credit policy.
  ✓ To identify the preference of motor vehicle insurance policyholders.

Limitations of the Study:
  ✓ The study is restricted to the selected sample of Coimbatore District and hence the result of the study cannot be generalized.
  ✓ The study is applicable only to the motor vehicle insurance policyholders.
  ✓ The results of the study are based upon the views expressed by the motor vehicle insurance policy holders of Coimbatore District.
  ✓ The statistical method used to analyze the data have their own limitation.
  ✓ All the limitations of primary data are applicable to this study.

Methodology:
        The type of data collected and the method of sampling are explained under this head.

Data Collection:
        The data required for the study have been collected through a questionnaire. Hence the study is based on primary data. The questionnaire has been developed after consulting the officials of public sector insurance companies and policyholders of motor

vehicle insurance. The questionnaire consists of questions relating to socioeconomic profile, vehicle details, insurance details, claim details, awareness, preferences, satisfaction and problems faced by the policyholders of the motor vehicle insurance. Further a pilot study was conducted and based upon it; the structure of the questionnaire was finally redesigned. The secondary data required for the study have been collected from various publications and reports.

Sampling Procedure:

Coimbatore, popularly known as cotton city is the second industrially advance district in the state of Tamilnadu. Coimbatore District consists of six revenue Taluks. The four public sector general insurance companies in Coimbatore District are selected for the study. They are National Insurance Company Ltd., New India Assurance Company Ltd., United India Insurance Company Ltd., and Oriental Insurance Company Ltd.,

A sample of 500 respondents consist of 125 motor vehicle insurance policyholder of each public sector general insurance companies in Coimbatore District have been selected by using purposive sampling method. Responses from 63 policyholders have been found unusable. Hence the study is based upon the information furnished by the remaining 437 motor vehicle insurance policyholders.

Tools Used For the Study:

Data collected from the respondents have been analyzed with the help of the following statistical tools. The statistical tools are:
- ✓ Simple Percentage
- ✓ Arithmetic Mean
- ✓ Friedman's Ranking Test
- ✓ Chi Square test

Review of Literature:

R. Norgaard and G. Schick (1970), in their study entitled ''Profitability in the Property and Liability Insurance Industry'', determined how profitable property and liability insurance companies had been during the period 195367. The technique used is based on a risk return trend analysis. For this purpose, four random samples and one selected sample of insurance companies are compared with 622 major industrial corporations. It was found that insurance companies earned profits at par with those earned by the major industrial corporations. Among insurance companies, automobile underwriters performed considerably better than multiple line of fire and allied line underwriters. The data indicated that within the insurance industry, there is an economy of scale in degree of specialization and size.

M. A. Weiss (1991), in his study entitled "Efficiency in the Property Liability Insurance Industry", examined the cost impact resulting from property liability insurer in efficiency. The chief objective of this research was to measure the economic efficiency of P/L insurers. The study consists of 100 largest P/L insurers and the period covered is from 1980 to 1984. The output was incurred losses and inputs were labour expenses, intermediate expenses and capital. A generalized Leontief profit function which allows for allocative and scale efficiency was estimated. The results indicate that excessive costs of \$121.8 to \$ 318 million occurred on the average. This cost represents 12.6 to 33 per cent of average net premiums and is roughly comparable to the increase in premium rates in sensitive liability lines (e.g. auto insurance). The study indicated that the excessive costs from non optimal use of resources are estimated by this type of inefficiency.

Narasima Murthy, G. (1996), in his study entitled "Customer Services in Life Insurance Company A Case Study", attempted to examine and evaluate the customer service provided by company at Hanamkonda branch in Andhra Pradesh. For this purpose, opinion of the policyholders were grouped as professional and managerial group, regular income group, self employed group and agricultural group. A sample of 100 customers on random basis was selected and the data were collected, using structured questionnaire. The findings of the study was that majority of the policyholders are satisfied with premium rates fixed by Life Insurance Company and remaining felt that rates should be reviewed in view of declining mortality rate.

Research Methodology:

Table 1: Social Profile of the Policyholders

Factors	Number of Policyholders N=437	Percentage
Gender		
Male	307	70.3
Female	130	29.7
Place of Residence		
Rural	145	33.2
Semi Urban	180	41.2
Urban	112	25.6
Age (Years)		
Up to 25	90	20.6
26 to 45	273	62.5
Above 45	74	16.9
Educational Qualification		
Up to School Level	133	30.4
Diploma	61	14
Under Graduate	151	34.6
Post Graduate	59	13.5
Professional	33	7.6
Marital Status		
Married	313	71.6
Unmarried	124	28.4
Nature of Family		
Joint	150	34.3
Nuclear	287	65.7
Family Members		
Up to 2	58	13.3
3 to 5	314	71.9
Above 5	65	14.9
Occupation		
Employee	116	26.5
Agriculture	74	16.9
Business	110	25.2
Professional	59	13.5
Others	78	17.8

- ✓ **Gender:** It shows the sex wise classification of policyholders. Out of 437 policyholders, 307(70.30%) policyholders are male and 130 (29.70%) policyholders are female. It is observed that majority of the policyholders are male members.
- ✓ **Place of Residence:** Out of 437 policyholders 145(33.20%) policyholders belong to rural area. While 180(41.20%) policyholders belong to semi urban

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area, the remaining 112(25.60%) policyholders belong to urban area. It is clear that majority of the policyholders are from semi urban area.

- ✓ **Age:** The sample policyholders were grouped into three categories based on their age. It reveals that a majority of policyholders (i.e.,) 273 (62.50%) belong to the age group between 26 to 45 years. While 74(16.90%) policyholders belong to the age group of above 45 years and the remaining 90(20.60%) policyholders age is up to 25 years. It is clear that a majority of the policyholders belong to the age group of 26 to 45 years.
- ✓ **Educational Qualification:** It is observed from table 4.1 that out of 437 policyholders only 133(30.40%) have studied up to school level. While 61(14%) are diploma holders, 151(34.60%) policyholders are under graduate, 59(13.50%) policyholders are post graduate and remaining 33(7.60%) are professionals. It is clear that majority of the policyholders are under graduate.
- ✓ **Marital Status:** Table 4.1 reveals that out of 437 policyholders 313 (71.60%) are married and 124 (28.40%) are unmarried. Majority of the policyholders are married.
- ✓ **Nature of Family:** Out of 437 policyholders, 150(34.30%) policyholders belong to joint family and 287(28.40%) policyholders belong to nuclear family. It is observed that most of the sample policyholders belong to nuclear family.
- ✓ **Family Members:** Among the sample policyholders majority (i.e.,) 314(71.90%) have 3 to 5 members in their family. There are above five members in 65(14.90%) policyholder's family and rest up to 2 members in 58(13.30%) policyholder's family. Hence it is clear that there are 3 to 5 members in majority of the policyholder's family.
- ✓ **Occupation:** On the basis of occupation, the policyholders were classified into five categories. A large number of sample policyholders (i.e.,) 116 (26.50%) are employees. There are 74(16.90%) agriculturist, 110(25.20%) are business people, 59(13.50%) are professionals and 78(17.80%) are belong to others category. (Here others category include students, house wife). Therefore a majority of sample policyholders are employees.

Table 2: Awareness on Motor Insurance Policy – Friedman Rank Test

Factors	HA	A	NAN DA	NA	HNA	Total	Mean Rank	Rank
Rules & Regulations are regulated by IRDA	95	235	85	21	1	437	9.41	2
	(21.74)	(53.78)	(19.45)	(4.81)	(0.23)	(100.00)		
Terms and Conditions	62	233	122	16	4	437	8.50	8
	(14.19)	(53.32)	(27.92)	(3.66)	(0.92)	(100.00)		
Standardized Premium	82	193	125	12	25	437	8.37	9
	(18.76)	(44.16)	(28.60)	(2.75)	(5.72)	(100.00)		
Method of Calculation of Premium	61	203	76	79	18	437	7.52	13
	(13.96)	(46.45)	(17.39)	(18.08)	(4.12)	(100.00)		
Insured Declared Value of your Vehicle	63	184	96	48	46	437	7.40	15
	(14.42)	(42.11)	(21.97)	(10.98)	(10.53)	(100.00)		
Coverage of additional risk by paying extra premium	80	171	128	32	26	437	7.85	12
	(18.31)	(39.13)	(29.29)	(7.32)	(5.95)	(100.00)		
Premium includes additional expenses	130	169	87	42	9	437	9.13	4

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Factors	HA	A	NAN DA	NA	HNA	Total	Mean Rank	Rank
	(29.75)	(38.67)	(19.91)	(9.61)	(2.06)	(100.00)		
Lapsation of Policy	112	199	91	31	4	437	9.04	5
	(25.63)	(45.54)	(20.82)	(7.09)	(0.92)	(100.00)		
Revival of Policy is a fresh contract	94	199	129	13	2	437	8.76	6
	(21.51)	(45.54)	(29.52)	(2.97)	(0.46)	(100.00)		
Penalty for delay in renewal of the policy	157	173	79	22	6	437	9.79	1
	(35.93)	(39.59)	(18.08)	(5.03)	(1.37)	(100.00)		
Insurance cover remain same even though the vehicle is disposed	102	216	88	24	7	437	9.16	3
	(23.34)	(49.43)	(20.14)	(5.49)	(1.60)	(100.00)		
Online Insurance	102	184	100	41	10	437	8.52	7
	(23.34)	(42.11)	(22.88)	(9.38)	(2.29)	(100.00)		
Cash less service	98	173	105	43	18	437	8.25	10
	(22.43)	(39.59)	(24.03)	(9.84)	(4.12)	(100.00)		
Banks can sell the insurance policy	80	151	154	36	16	437	7.51	14
	(8.31)	(34.55)	(35.24)	(8.24)	(3.66)	(100.00)		
Switchover facility	81	191	117	34	14	437	8.05	11
	(18.54)	(43.71)	(26.77)	(7.78)	(3.20)	(100.00)		
Submission of Original Copies	104	190	109	27	7	437	8.76	6
	(23.80)	(43.48)	(24.94)	(6.18)	(1.60)	(100.00)		

Test Statistics (a):

N	437
Chi-Square	225.596
Df	15
Asymp. Sig.	.000

a - Friedman Test

Interpretation:

The above table shows about the Friedman Rank Test for awareness on Motor insurance Policy were the level of significance is at 0.000 which shows that there is a relationship between the ranks given were penalty for delay in renewal of the policy was given first and this factor can be given first priority and insured declared value of the vehicle can be given least priority as it was give last rank in decision making process of the research.

Suggestions to the General Insurance Companies:

✓ The Insurance Company can arrange some meetings to popularize their schemes among the policy.
✓ The process of claim should be minimized.
✓ Renewal notices should be sent to the policy holders in advance.
✓ More training should be given to agents to sell the products because agents are the backbone of the insurance company.

Conclusion:

The Indian insurance market is becoming more aggressive day to day. The performance of Indian market in motor portfolio during the last decade has been anything but satisfactory. It generates huge amounts of premium income but it also produces frequent losses that have now reached new dimensions. It is least attractive market for the new players. Public sector companies have experienced continuous trend

of payouts and cost far exceeding the collected premium. The future growth of the motor insurance sector will depend on how effectively the insurers are able to come up with product designs suitable to our context and how effectively they are able to change the perceptions of the Indian consumers and make them aware of the insurable risks.

Public sector insurers face stiff competition from private sector insurers, measures should be taken for improving the services of the motor vehicle insurance so that the better customer awareness can be created and customer satisfaction can be ensured. Once the suggestions and findings of the study taken into consideration with a sharper focus on better customer service, improved personnel management and information technology, the public sector general insurance companies can achieve unmatched progress in the coming year.

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