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## Customer preference towards the various policies offered by the private insurance companies in Coimbatore city

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### Abstract

The early history of insurance is hidden in the mists of antiquity. The objective of the study is to know the consumer awareness on insurance policies and preference towards new policies marketed by the private insurance companies and to state the level of satisfaction. The study was conducted in Coimbatore city with 100 respondents through convenient random sampling method. Tools and techniques used were simple percentage, chi-square and spearman's rank correlation coefficient. The study resulted that most of them are aware of the policies and are invested in medi-claim and retirement benefit plans and are satisfied with the return value and security provided. The last 10 years have witnessed robust growth in business terms. Life insurance premiums have seen a tenfold rise from Rs. 26,250 cr in the year 2000 to about Rs. 2,61,025 cr in year 2011. Hence introduction of more number of new schemes will have a good reception among the investors.

**Keywords:** Insurance Policies, Private companies.

### 1. Introduction:

The early history of insurance is hidden in the mists of antiquity. The sense of insurance was started with businessmen who are engaged in trade by sea when they are attempted to minimize the losses, which resulted from the perils of the sea by spreading amongst a larger number of persons who are similarly engaged. The people who did not suffer loss contributed to mitigate the suffering of a few who had suffered. This arrangement was adopted by traders in many lands and gradually there came into existence group of men who are specialized in managing funds and studied the rates of loss, which occurred typed of marine ventures. This was beginning of insurance.

Life insurance: life and death constitute the poles of human existence. Which these ones economic problem is twofold, one may either die, or live too long. In either event money is required to meet the loss of food, clothing, shelter etc., in short for security. Life insurance is a contract between a person and an insurance company for a number of years covering either the life time period or a period of fixed number of years. In India, monopolistic institution called Life Insurance Corporation of India protects life. Life insurance has two major classes as temporary and permanent with the subclasses of term, universal, whole life and endowment life insurance.

### Statement of the Problem

The liberalization policy of 1991 has delinked the insurance sector from the government which resulted in the entry of private sectors. It is estimated that only less than 20% of the total population have ensured their lives. There are mushrooming private companies in India which are offering lot of policies of different nature and also try to acquire confidence from the people. This gave the researcher an idea to study about the preference for private Insurance and A study on Customer preference towards the various policies offered by the private insurance companies is identifies as the problem of study.

### Objective of the Study

- To study the awareness among the respondents towards private insurance policies.
- To study about the consumer preference towards the new policies marketed by the private insurance companies.

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- To study the level of satisfaction regarding the service provided by private insurance companies.

### Review of Literature

- N.D. Kapoor,** "Life insurance is a contract between a person and an insurance company for a number of years covering either the life time period or a fixed number of years. It is called an investment with an element of protection and an element of investment."
- Ganesh,** stated that "Insurance has 400 billion business in India and together with banking service adds about 7% to India's GDP. The total number of the life insurance policies in the country is estimated at about 10% of the total population involving an annual premium of about Rs. 20000cr. India has the highest number of life insurance policies in the world. "

### Scope of the Study

The study aims to create awareness among the policy holders. This study is helpful to find out apt policy to invest and the problems faced by the policy holders in private insurance companies, so that they may implement the changes it promote the schemes and reduce the risk.

### Sample Size

The sample size consists of 100 respondents who were selected on the basis of convenience random sampling method from Coimbatore Town.

### Methodology

Both primary and secondary data were used for the present study. For collecting the first-hand information one hundred of respondents were chosen by convenient random sampling method. Secondary data have been collected from Websites, Books and Journals.

### Limitation of the Study

- The study was restricted to 100 respondents in Coimbatore city only.
- The data was obtained through questionnaire and it has its own limitations.
- The result would be varying according to the individuals as well as time.

### Analysis & Interpretation

The data collected are classified and tabulated and further the following statistical measures are also employed aim fulfilling the objective of the study.

### Tools Used

- Simple percentage analysis
- Chi-square test
- Spearman's rank correlation coefficient

### Simple Percentage Analysis

**Table 1:** Showing Personal Factor and Awareness of Respondents

Factor	Options	No Of Respondents	Percentage
Age	<b>18-30</b>	<b>42</b>	<b>42</b>
	30-40	28	28
	40-50	20	20
	ABOVE 50	10	10
Qualification	School level	18	18
	<b>College level</b>	<b>44</b>	<b>44</b>
	Professional	20	20
	others	18	18
Occupation	Employee	35	35
	<b>Business</b>	<b>28</b>	<b>28</b>
	Professional	20	20
	others	17	17
Monthly income of family	<b>Below 10000</b>	<b>54</b>	<b>54</b>
	10001-20000	20	20
	20001-30000	15	15
	Above 30000	11	11
Source of awareness	<b>Advertisement</b>	<b>40</b>	<b>40</b>
	Friends & relatives	12	12
	Agents	26	26
	others	0	0
Media of advertisement	Newspapers & magazines	8	20
	<b>Notice &amp; pamphlets</b>	<b>12</b>	<b>30</b>
	Television	7	17.5
	Radio	3	7.5
	Internet	10	25
	Others	0	0
Types of policies	Money back	14	29
	Endowment	12	24
	Whole life	8	16
	<b>Retirement plan</b>	<b>15</b>	<b>31</b>
Payment of premium	<b>Monthly</b>	<b>38</b>	<b>38</b>
	Quarterly	20	20
	Half yearly	14	14
	Annually	28	28
Awareness in Recent policies	<b>Medi-claim policy</b>	<b>35</b>	<b>35</b>
	Educational policy	18	18
	Pension policy	14	14
	Marriage	18	18
	Others	15	15

It is inferred that most (42%) of the respondents are in the age group of 18-30 years who have completed college level education(44%) doing business(28%) with the monthly income if below 10000 (54%). They are aware through advertisements (40%) by notice and pamphlets (12%) and have invested in retirement plan (31%) with the scheme of paying premium monthly (38%) and are also aware of medi-claim policies (35%).

**Chi Square****Table 2:** Comparison of Occupational Status and Investment in Private Insurance Policy

Chi- square test value	9.353
Degrees of Freedom	3
Chi-Square table value	7.81

**Hypothesis (H<sub>0</sub>):** There is no significant difference between occupational status and Investment in Private insurance policies by the respondents.

The calculated value is greater than the table value therefore, there is a significance difference between occupational status and investment in private insurance policy.

**Spearman's Rank Correlation Coefficient****Table 3:** Factors Influence People to Choose Private Insurance Policies

	Medial policy	Educational policy	Pension policy	Marriage policy	Others
Safety & security	38	36	17	5	4
Good return	35	41	14	7	3
Frequent withdrawal	36	44	12	8	0
Low premium high return	32	45	12	11	0
Settlement procedure	23	47	11	12	6

Correlation value = 0.734

From the above table it shows that choosing private insurance company policies and factors are perfectly correlated.

**Suggestions**

Respondents are of the opinion that they are not intimated about the new policies. So the private insurance companies concentrate on advertisements for making the people aware of the new policies.

The private insurance companies should introduce more number of policies to attract the people.

The respondents are not much satisfied with the services of private insurance companies. So they should improve their services for satisfying the insured and to attract others.

The private insurance should reduce the formalities for easy availability of loan.

**Conclusion**

Life insurance has never been a product that buyer clamored for it, and it was a product that had to be pushed often by persistent neighborhood friends who doubled up as agents in a second part-time job beef up family incomes. And that too, because their agency was in danger of termination for want of sufficient sales performance. The last 10 years have witnessed robust growth in business terms. Life insurance premiums have seen a tenfold rise from Rs. 26,250 cr in the year 2000 to about Rs. 2,61,025 cr in year 2011. Insurance penetration measured as a percentage of gross domestic product (GDP) has grown to a shade below 5% from just a little over 1% in 10 years ago. Nowadays public is aware of need of insurance. Hence introduction of more number of schemes will have a good reception among the investors.

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