CHAPTER III

DATA BASE AND RESEARCH METHODOLOGY

This chapter deals with the universe of the study, selection of the sample, techniques of data collection and the statistical tools used in analyzing the data.

Universe and sample of the study

The universe of the study constitutes of all the fifteen general insurance Companies registered till March 2006 (table 1.2) both public and private. In order to study the trends in growth of general insurance sector, the following twelve general insurance companies were selected from both public and private sectors;

1. The New India Assurance Company Limited
2. The Oriental Insurance Company Limited
3. National Insurance Company Limited
4. United India Insurance Company Limited
5. Royal Sundaram Alliance Insurance Company Limited
6. Bajaj Allianz General Insurance Company limited
7. Tata AIG general insurance company limited
8. Reliance general insurance company limited
9. Iffco Tokio general insurance company limited
10. ICICI Lombard general insurance company limited
11. Cholamandalam general insurance company limited
12. HDFC Chubb general insurance company limited.

The offices of the above listed companies were personally visited in the major cities of the five north India states of Uttar Pradesh, New Delhi, Haryana, Punjab, Rajasthan and the Union Territory of Chandigarh. The employees of the companies and agents were surveyed and a sample of 325 respondents from the different urban areas were selected by following a non-probabilistic convenience sampling technique as it suits the exploratory studies like this one (Tull et al., 2001 P.544). This study covers a period of six years from 2000-01 to 2005-06. This period has been selected because it falls in the post liberalization period of the insurance sector in India and therefore, the effect of such liberalization on the entire industry has been noted.
**Collection of data**

Data for the study was obtained from both primary and secondary sources. Primary data was obtained by the use of a non-disguised pre-tested questionnaire prepared for the purpose. The questionnaire was duly presented and administered personally to the respondents. It was found that some of the questionnaires had some incomplete responses and thus, the effective number of respondents was 300.

An attempt was made to take a good cross-section of the population. The following tables depict the demographic characteristics of sampled respondents. The brake-up of the respondents filling the questionnaires company wise is given in table 3.1

<table>
<thead>
<tr>
<th>Insurer group.</th>
<th>No. of respondents</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public sector</td>
<td>132</td>
<td>44.0</td>
</tr>
<tr>
<td>Private sector</td>
<td>168</td>
<td>56.0</td>
</tr>
<tr>
<td>Total</td>
<td>300</td>
<td>100</td>
</tr>
</tbody>
</table>

On the basis of experience, respondents were grouped on three categories; those less than 10 years, those between 11 and 30 years and those more than 30 years of experience as shown in table 3.2 below.

<table>
<thead>
<tr>
<th>Experience</th>
<th>No. of respondents</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 10 years</td>
<td>191</td>
<td>63.7</td>
</tr>
<tr>
<td>11-30 years</td>
<td>104</td>
<td>34.7</td>
</tr>
<tr>
<td>Above 30 years</td>
<td>5</td>
<td>1.7</td>
</tr>
<tr>
<td>Total</td>
<td>300</td>
<td>100</td>
</tr>
</tbody>
</table>

Designation of the respondents surveyed was also recorded. Basically, employees of various ranks and the agents were surveyed and their distribution is shown on table 3.3.
Table 3.3
Distribution of Respondents Designation wise

<table>
<thead>
<tr>
<th>Designation</th>
<th>No. of respondents</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agents</td>
<td>120</td>
<td>40.0</td>
</tr>
<tr>
<td>Employees</td>
<td>180</td>
<td>60.0</td>
</tr>
<tr>
<td>total</td>
<td>300</td>
<td>100</td>
</tr>
</tbody>
</table>

In order to develop a list of information items for framing the questionnaire, previous literature on marketing strategies, e-insurance and other services of general insurance were reviewed. Besides, current general insurance market scenario was considered and academicians, experts as well as executives associated with general insurance industry were consulted. Their suggestions led to meaningful and valuable modifications. The questionnaire was pre-tested on 10 respondents, with few additions and deletions, the final questionnaire was developed which is given in the appendix.

In order to study the views of the respondents regarding the extent at which information and communication systems have affected insurance industry, a five point Likert’s scale with 1 indicating very low and 5 indicating very much has been adopted. In order to study the views of the respondents regarding major obstacles hindering ICT application in the insurance industry, a five point scale with 1 indicating strongly disagree and 5 indicating strongly agree was adopted. And in order to study the views of the respondents regarding the marketing strategies adopted by their companies, a five point scale with 1 indicating strongly disagree and 5 indicating strongly agree was adopted.

The annual reports of the concerned companies from both the sectors were scanned for collection of secondary data. Data from statistical tables relating to insurance industry in India for various years published by the IRDA was used. The IRDA annual reports for the study period obtained from IRD office New Delhi and from the Website were also used. In addition to this, secondary data from various websites of the insurance companies and the IRDA website and other legal websites were used. Various Journals, daily news papers like the Times of India, Business Standard, The Economic Times, The Financial Express and other published manuscripts obtained from libraries were scanned.
Available literature both published and unpublished and other data sources were also used.

**Data analysis**

In the present study, data relating to the growth and performance of general insurance industry, application of ICT and marketing strategies has been analyzed with respect to the responses from public sector companies and private sector companies. In the recent past, a large number of private sector companies have entered the general insurance business which was earlier dominated by public sector companies. The public sector companies are facing a tough competition from private sector companies. The two categories of companies are trying to reach the customer by offering customized products, and evolving innovative means of promotion and distribution. Therefore, it is important to examine the marketing strategies of general insurance companies belonging to public as well as private sector.

Analysis of the data has been done on the basis of total premium income, growth rate of premium, number of policies and other parameters for different years of the study of the selected players of the general insurance industry. The comparison has been made on the basis of the market share of different players in the general insurance industry based on premium income.

For studying the performance of general insurance sector, examining the impact of the entry of the private players on the performance of public insurance companies, annual growth rates, compound annual growth rates (CAGR) have been computed for different variables. The compound annual growth rates have been tested for their significance by using t-test. Analysis has also been done by using measures such as cross tabulation, percentages, mean scores ratio analysis and ranking. Line graphs and pie charts have also been drawn wherever necessary, to provide a visual pattern of growth and comparison. Tables have been presented to show frequencies and percentages, the values outside parentheses indicate frequencies, while values within the parentheses indicate percentages. Analysis of variance has been applied to test whether the mean score values across the two categories of companies differ significantly from each other. Chi-square test has been applied to test if there is any difference in ICT implementation between the two categories of insurers.
Limitations of the study

Following are the limitations of the study;

1. Although an effort has been made to cover almost all the factors to satisfy objectives of the study, yet survey method has its limitations in exploring human responses because of hiding or exaggerating some facts.
2. Data for the study has been collected from five north India states and the Union territory of Chandigarh only. The composition and characteristics of populations being different in other parts of the country might restrict generalization of the results.
3. Though utmost care has been taken by the researcher to include all the important growth and performance indicators in this study, but still some variables might have been left out.

Areas for further research

Following are certain promising areas for those who are interested in research in the field of growth of insurance industry;

1. The rural insurance market of India offers promising territory for insurance business expansion which has not been exploited fully by the insurers. A comprehensive rural based study should be conducted to suggest the means of exploiting the rural market.
2. A similar study on growth and performance should be conducted on the life insurance sector in India and a comparison be made between life and general insurance firms to find out where the regulators need to lay more emphases.