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INTRODUCTION, DESIGN AND EXECUTION OF THE STUDY
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1.1 INTRODUCTION

Human life is fraught with risks and uncertainties from the cradle to the grave. Human beings can exercise some kind of control over certain manageable things. But there are some inevitable things over which they have absolutely no control, such as accidents and death. It is the thought of these inevitable things that makes people think of protecting themselves and their family members from unforeseen events in life. Insurance offers such protection.

The process of insurance has been evolved to safeguard the interests of people from uncertainty by providing certainty of payment at a given contingency. Insurance occupies an important place in the complex modern world since risk, which can be insured, has increased enormously in every walk of life. Insurance is considered as one of the best means of availing protection against many forms of losses arising out of uncertain events. Insurance in its pure form is a social good. It is one of the best means of availing protection against many forms of losses. The insurance principle comes to be more and more used and useful in modern affairs. Insurance is a tool by which fatalities of a small number are compensated out of funds (premium payment) collected from plenteous. It is a commonly acknowledged phenomenon that there are countless risks in every sphere of life: for property, there are fire risks; for shipment of goods, there are perils of the sea; for human life, there are risks of death or disability; and so on. Insurance companies, mutuals and cooperatives enable individuals and firms to protect themselves against infrequent but extreme losses at a cost which is small compared to the feared loss. Hence, Insurance is the primary risk management device that protects against risks, hazards or dangers to life and property. Not only does it serve the ends of
individuals, or of special groups of individuals, it tends to pervade and to transform our modern social order, too.  

A sound national insurance market is an essential characteristic of economic growth. The insurance sector is very significant to every developing country as it can play a significant role in the economic development of a country, while economic development itself can facilitate the growth of the insurance sector. It develops the habit of savings which, in turn, generates long-term investible funds for improving infrastructural facilities. The insurance industry affects money, capital markets and the real sectors in an economy, making insurance facility necessary to ensure the completeness of a market. The nature of insurance business ensures constant inflow of funds and challenges such as unprecedented volatility, changing customer profiles and existing regulators. This is not surprising as the insurance industry forms a major component of an economy by virtue of the amount of premiums it collects, the scale of its investment, and, more fundamentally, the essential social and economic role it plays by covering personal and business risks. By encouraging these factors that promote insurance demand and aid financial development, policymakers possess a strong tool to stimulate economic growth. It is an industry with strategic importance for any country as it contributes to the financial sector as well as confers social benefits on the society. The insurance sector acts as a mobiliser of savings and a financial intermediary and is also a promoter of investment activities.

In India too, evidence of insurance in some form can be traced as early as from the Aryan period. The British and some of the other foreign insurance companies through their agencies transacted insurance business in India. General Insurance as a whole, developed with the industrial revolution in the West and with the consequent growth of seafaring trade and commerce in the seventh century. The first general insurance
company in India was the Triton Insurance Company Ltd., established in Calcutta in 1850 AD, with the British holding major share. The first general insurance company by Indian promoters was the Indian Mercantile Insurance company Ltd., started in Bombay in 1906-07. Following the First World War, several foreign insurance companies started insurance business in India, capturing about 40 percent of the insurance market in India at the time of Independence. At present, the insurance industry of India consists of 51 insurance companies of which 24 are in life insurance business and 27 are non-life insurers. Among the life insurers, Life Insurance Corporation (LIC) is the sole public sector company. Apart from that, among the non-life insurers there are six public sector insurers. Insurance business in India is governed by the Insurance Act of 1938, which was amended later in 1969. However, in 1971, the government by an ordinance nationalized the general insurance business, under the General Insurance Nationalization Act, 1972, to ensure orderly and healthy growth of the business. The then existing 107 companies were brought under the aegis of General Insurance Corporation (GIC) of India. The GIC was thus entrusted with the responsibility of superintending, controlling, and ensuring smooth and healthy conduct of the general insurance business in India along with its four subsidiaries in all the zones in India.

The year 1999 saw a revolution in the Indian insurance sector, as major structural changes took place with the ending of government monopoly and the passage of the Insurance Regulatory and Development Authority (IRDA) Bill, lifting all entry restrictions for private players and allowing foreign players to enter the market with some limits on direct foreign ownership. The General Insurance industry in India is currently operating with 27 companies, including the 4 Public Sector Companies and 6 Specialized Insurers. The Gross Written Premium (GWP) of the industry has increased from Rs 123.9 billion in the year 2001-02 to Rs. 530.4 billion in the year 2011-12. For the year 2011-12,
the industry grew by 23.3%. According to estimates, private insurance companies collectively have a 10% share of the non-life insurance market.18

Customer service is an integral part of the insurance organization. It is necessary to identify the key success factors in the insurance industry, in terms of customer satisfaction so as to survive in intense competition and increase the market share. Companies involved in the insurance industry offer a wide variety of products and supplementary services that consumers in need of insurance coverage could readily infer as being "insurance" related. Insurance in India has been spurred by product innovation, streamlining of sales and distribution channels along with targeted advertising and marketing campaigns. With increased globalization and presence of a large number of players in the market place, the very definition of customer relationship and satisfaction is in danger of being proved incomplete.19

Customer satisfaction in insurance means the use of a policy product purchased for a cost to the ultimate satisfaction of the buyer, when a claim is paid. The satisfaction is fully achieved only when a product so purchased gives its full use but it also stipulates that the product bought by the buyer will give him the expected fruit peace of mind during the product cycle when it is used by the customer. Hence, an attempt has been made by the researcher through the present study to assess the perception of the policy holders on the various services that have been offered by the Private Sector General Insurance Companies in Coimbatore District.

1.2 STATEMENT OF THE PROBLEM

The insurance has become an integral part of business and human life and is a vital force in securing the well-being of both individuals and businesses. Insurance actively promotes the health and security of the economy and business environment around the world. At a macro level, insurance improves the investment climate and
contributes to the economic growth of businesses and economies in a number of ways including protecting the financial health of businesses and encouraging domestic production and trade. Insurance also helps reduce the risk to major infrastructure projects and developing capital markets by investing premiums. Insurance also covers the risks at individual level and helps individuals lead a quality life in case of contingencies and unforeseeable circumstances.  

Insurance is a risk transfer mechanism whereby the individual or the business enterprise can shift some of the uncertainties of life on the shoulder of the other. All the people will desire to live a cleaner, healthier, comfortable and easy life. To meet this, enterprises require different produce and provide goods and services. They make innovations and inventions, which involves great risk. A huge responsibility falls on the shoulders of innovators and inventors. A small error or lapse may cause numerous side effects and may even cause death or disability. These types of risks highlight the importance of insurance. If there had not been insurance at the back of all innovators, the world would have never progressed. After assuring this insecurity factor, the enterprises started looking for new and more high-tech machines, robots and gadgets, atomic technology, space travelling, computers, deep sea exploration, development of Concorde and Jumbos and medical technology. All these developments could be possible only with the support of insurance. In times of peace, the insurance provides protection to trade and industry which ultimately contributes towards human progress. Thus, insurance is the most important lending force contributing towards economic social and technological progress of man. Without insurance cover, all industrial, economic and social activities of the world will come to a grinding halt. Insurance is clearly of great advantage and importance.  

India is fast emerging as a strong economy and a global power in the world. It is experiencing rapid all round development and growth. All industries are registering
considerable growth, and insurance is no exception. In fact, it is the most booming industry among all others because of the huge Indian population and low insurance penetration levels. When the world insurance market was in a stage of saturation, it is the Indian market which has shown tremendous potential for expansion of business for many insurers. The total value of the Indian insurance market (2004-05) is estimated at Rs. 450 billion (US$10 billion). According to government sources, the insurance and banking services’ contribution to the country’s gross domestic product (GDP) is 7%, out of which the gross premium collection forms a significant part. The private insurance companies in India, especially the non-life sector, have been performing well of late. During April 2012, all the non-life insurers in India underwrote gross premiums worth INR 6506.51 crores. For the private sector non-life insurance companies, the figure stood at INR 2819.48 crores which was 20 percent more than the figure for April 2011. In May 2012, the non-life insurance sector underwrote gross premiums amounting to INR 4880.81 crores. The private organizations accounted for INR 2044.32 crores from this amount.

Globalisation and open market system have created the complex competitive environment not only for the manufacturing sector but also for the service sector. With the opening up of the insurance sector, a number of private players entered into the market. The new players with their focused approach and need based selling, captured a significant chunk of the insurance market.

The opening up of the sector brought about a paradigm shift and led to the emergence of a multiple Insurance companies. The Indian customer was provided innovative and world-class solutions that offered a combination of protection and long-term wealth creation. With an increasing number of private players, the customer had an array of customised solutions to choose from. More importantly, these solutions were
developed keeping in mind the diverse needs of customers at varying stages in their life cycle. Access to these financial solutions was provided through a range of distribution channels such as banks, agents, direct offices and online platforms. This revolutionised the distribution network and led to the emergence of a more diversified and multi-channel distribution network, thereby, providing better penetration and accessibility to customers. This was critical, given the very low level of penetration of insurance in the country. In such a scenario, innovative products, improved services and the approach of providing advice were by-products of liberalisation of the sector.27

Various innovative products offered by the insurance players are an important factor for the growth of insurance business. Innovative and flexibly priced insurance products of our country will integrate into the world’s economy. Normally, the insurance companies offer multiple products with slight variation in their schemes. The product may be housing policy, health policy, automobile policy, life protection, investment insurance, group insurance etc. Investor’s choice is one of the important determinants for the growth of life and non-life insurance business. The choice of investors may depend on safety, risk, high return, tax benefit, easy transactions, customer care, variety of schemes, duration, loan facility etc. Accordingly, the insurance companies should have a wide range of policies, suiting every needs of the investors.28

Recent developments in global economy have led the service companies, especially the insurance companies, to plan and execute their strategies towards increasing customer satisfaction and loyalty through improved service quality.29 Innovative products, smart marketing, and aggressive distribution have enabled fledgling private insurance companies to sign up Indian customers faster than anyone expected. Indians, who had always seen life insurance as a tax saving device, are now suddenly turning to the private sector and snapping up the new innovative products on offer.30
Hence the present study is a fact finding exercise to answer the following questions:

a) What is the perception of the respondents on the services offered by the Private Sector General Insurance Companies in Coimbatore District?

b) What are the factors that influence the perception of the respondents on services offered by the Private Sector General Insurance Companies in Coimbatore District?

1.3 REVIEW OF PREVIOUS STUDIES

With the view to investigate the perception of the respondents on the services offered by Private Sector General Insurance Companies in Coimbatore District, the researcher has undertaken this empirical study. The researcher has presented a gist of some of the studies made in International and Indian contexts in the following paragraphs:

1. Stephen R. Diacon, Christine T. Ennew, (1996) in their study entitled “Ethical Issues in Insurance Marketing in the UK” viewed that the concern about ethical practices in the marketing of insurance products has increased in recent years, despite an apparent strengthening of the regulatory framework. In part, the ethical problems associated with the promotion and distribution of insurance products may be attributable to specific features of the market such as symmetric information. From the consumer’s perspective, there is a range of anecdotal evidence concerning ethical problems in the marketing of general insurance products. Information concerning the industry perspective on these issues is limited. It presents evidence of the extent to which ethical problems in marketing are identified by those in the industry and the extent to which the views of marketing staff differ from those of non-marketing staff.
2. Richard Ericson et. al., (2000) in their paper entitled “The Moral Hazards of Neo-liberalism: Lessons from the Private Insurance Industry” revealed that tenets of neo-liberalism regarding risk, governance, and responsibility are critically evaluated through an empirical study of the private insurance industry. Recent tendencies in this industry towards increasing segmentation of consumers regarding risk, and towards an expansion of private policing of insurance fraud, are analysed. The definition of moral hazard is broadened to include all parties in the insurance relationship, not just the insured. Moral hazards embedded in the social organization of private insurance lead to various kinds of immoral risky behaviour by the insured, insurance companies, and their employees, and to intensified efforts to regulate this behaviour. They conclude with some critical observations about the neo-liberal emphasis on minimal state, market fundamentalism, risk-taking, individual responsibility, and acceptance of inequality. 

3. The authors Ajay K. Rajan and Mukesh Dhunna (2002) in their article entitled “Liberalization of Insurance Sector: Social Implications” analysed the social implications in opening up of insurance sector to private players to find reasons as to why there was private entry after nationalization, what are the social issues so far and how the reforms proceeded as per the role of IRDA in cementing the reforms in Indian insurance industry. The reason for private players, based on competition, is to enhance resource utilization, reduction in premium cost, funds to mobilize domestically better pay Packages and to attract inflow of foreign capital. They reveal that most of the private players are concentrating on business only in the urban areas.

UK and Greece stated that the Virtual communities (VCs) are formed on the Internet and are expected to evolve to a strategically important e-business model. VCs foster trust among their members and allow them to interact, exchange ideas and experiences, regardless of their geographical or ethnic origin. Organisations should consider VCs as a new market place since their members are current or future customers. Through the interaction with the members of a VC, companies will eventually learn more about the needs of their customers, they will strengthen their relationships and they will be able to customize their services. This exploratory study reports on a survey of 43 information systems and marketing managers of insurance companies in the UK and Greece. It investigates the potential of VCs in the services sector with respect to their contribution to consumers' loyalty and discusses the requirements for the functionality of a VC. The results of this study are useful both for the design of VCs and the evaluation of their business value.

5. The descriptive study conducted by Rudra Saibaba (2003) entitled “Perception and Attitude of Women towards Life Insurance Policies” analysed the perception and attitude of women respondents about LIC and awareness of the new policies introduced. The study mainly aimed to know the satisfaction of the services rendered by the LIC. Both in urban and rural areas of Warangal Division of Andhra Pradesh, out of 69 respondents, 75% of the respondents perceived that life insurance plans cover against accident, future risk and none of the respondents viewed insurance as a source of investment for higher returns. Respondents’ awareness of new policy reveals that 58.75% are aware of Children’s Money Back policy and only 7.55% of the respondents are aware of Jeevan Sanchay. Majority of the respondents are satisfied with the service offered by the corporation and few are not satisfied due to
the lack of advertisement given about new polices and agents not concentrating on customer services.  

6. Mathew Joseph, George stone, Krista Anderson (2003) in their paper “Insurance Customers’ Assessment of Service Quality: a Critical Evaluation” observed that the increased competition from their traditionally “non-insurance” partners in the financial services industry has forced “insurance only” companies to enter areas once considered exclusively part of the financial services market. The merging of the insurance, banking, and brokerage industries into one composite financial service industry has created confusion in the minds of many customers who were once able to delineate neatly the company product lines. In order to remain competitive as a deregulated industry that has more or less encroached on all financial service providers, insurance companies and their sales representatives have had to re-evaluate their traditional methods of attracting and keeping customers. 

7. Raman and Gayathri (2004) in their study “A Study on Customers’ Awareness towards New Insurance Companies” revealed the investors’ awareness about the new insurance companies and the preference for their investments in future. Samples of 25 customers were collected. They findings of the study were that 48% of the respondents are aware of new companies through their friends, and majority chooses new companies for a reasonable premium for their investments. 

8. The authors Shobhit and Sanjay Shukla (2004) in their study “An Empirical Study and Analysis of Failure of Private Insurance Players in Rural Areas”, conducted a survey in Lucknow city as well as its adjoining rural areas, to explore the reasons for the failure of private insurance players, and the present scenario was also studied. The sample size is 200, of which rural accounts for 80 respondents. They found that majority of rural population showed high bias towards low premium and maximum
risk coverage. The study also revealed that in urban areas, efficient customers' services, and services provided at doorstep are the two major reasons for market penetration in the private players.38

9. Durvasula et al., (2004) in their article entitled “Forging Relationships with Services: The Antecedents that have an Impact on Behavioural Outcomes in the Life Insurance Industry” investigated two models involving the linkages between service quality, satisfaction, perceived value, repurchase intention and willingness to recommend to others. Data were collected in Singapore in response to concerns about broadening the understanding of these variables cross-culturally. Results of path analysis indicate that the service quality has an indirect relationship with behavioural outcome measures via satisfaction and value. The study found that satisfaction was positively associated with customers' re-purchase intentions but its relationship with customers' willingness to recommend to others was relatively weak. This finding has important marketing implications as word-of-mouth has previously been found to have significant influence on customers' purchase decisions.39

10. Aki Ahonen (2004) in a study entitled “Customer Perceived Quality in Innovative Electronic Insurance Services in B2B Context” examined how the Finnish business-to-business (B2B) customers perceive the level of quality in case of electronic insurance services. They results of the research are considered from the perspective of total perceived quality, service quality dimensions and e-service quality scale. So far, the electronic insurance services are perceived as somewhat difficult to use. However, the results of this study suggest that the attitudes have moved to a more positive direction. In addition, the simpler services, such as information search, are the most used electronic services by the customers and on the other hand, the simpler services are also seen as the most suitable services to the internet. Furthermore, his
best level of total perceived quality is experienced by the customers in the case of
security-related factors of electronic insurance services. Total perceived quality is at
the lowest level in case of efficiency-related factors of electronic insurance services.40
11. Shri K. Prakash Vel et. al., (2005) in their article entitled “An Exploratory Study on
the Role Played by Product, Service and Behavioural Factors in the Purchase of
Life Insurance Policies, in the Klang Valley, Malaysia,” have revealed the
consumer decision influences model for the purchase of life insurance policies, which
can be extended to other countries also, other countries also after suitable research in
those markets. The study helps in understanding the various marketing and Non-
marketing factors influencing the purchases of life insurance policies. The model
propounded by this study can be used by different life insurance companies to
understand the parameters influencing the decision making process of their clients and
accordingly formulate suitable marketing strategies in the promotion of their policies.
Hence, this article has positioned the model as an academic and an applied model for
usage by academicians and the industry. On an analysis of the life insurance industry
of the Asian markets, they felt India to be a wide and growing market for life
insurance products, given the current competition in India. With both LIC and private
operators in the fray, they felt this study model and analysis could be useful for the
Indian life insurance industry in formulating their consumer oriented marketing
strategies and for future researches in this area.41
of Perceived Service Quality, Satisfaction and Loyalty in Greek Insurance”. In
their study a SERVQUAL type service-quality instrument is developed for Greek
insurance. Confirmatory and exploratory factor analyses are used to determine the
scale’s dimensionality. Path analysis is utilized to examine a model linking service
quality, customer satisfaction and loyalty at the level of constructing individual determinants. The findings show that the SERVQUAL's dimensionality is not confirmed. Non-tangibles, tangibles structure exists in Greek insurance. “Tangibles” does not affect customer satisfaction while WOM is an antecedent of repurchasing intentions. Satisfaction does not directly influence the latter.42

13 Ulka Kekar, Catherine Rose James and Ritu Kumar (2006) in their paper entitled “The Indian Insurance Industry and Climate Change: Exposure, Opportunities and Strategies Ahead” the preparedness of the Indian insurance industry to deal with the growing frequency and severity of natural disasters? They examine this question and argue that the continuation of present practices is not sufficient to address the challenges posed by the climate change. The potential impact of climate change on the Indian economy can be severe, given the country's history of disaster losses, which is compounded by growth in population concentrations and burgeoning development in coastal and flood-prone areas. Targeted strategies are needed to deal with the rising costs of claims caused by climate change in a fledging Indian insurance market. The key challenges are to improve penetration of the available insurance products and to develop innovative delivery mechanisms to improve the access of the most vulnerable communities. Insurance is only a part of the solution, and must be combined with other measures that foster genuine preparedness and adaptation.43

14 Gopalakrishna Barkur et. al., (2007) conducted a study entitled “Insurance Sector Dynamics: Towards Transformation into Learning Organization” with a view to study the influence of five critical factors on service quality in the insurance sector. Having studied the influence of these critical factors, an attempt has been made to obtain a generic solution to enhance the quality of service by proposing a holistic
framework of learning organization. As globalization and IT revolution have made the insurance sector highly knowledge-intensive, customer expectations and perceptions have also grown exponentially. Hence, this research is timely and goal-focused. The research is based on system dynamics methodology, which involves sequential phases including: problem identification, conceptualization, model formulation, simulation and validation, and policy analysis and implementation. Meta-analysis of existing literature and rationalization are also a part of the framework development. The results have indicated that the key parameters, e.g. past experience, personal needs, external communication, word of mouth, and active clients have significant influence on service quality of the insurance sector.  

15. Tamzid Ahmed Chowdhury et. al.,(2007) in their study entitled “Perceptions of The Customers Towards Insurance Companies in Bangladesh –A Study Based on The SURVQUAL Model” revealed that give the choice between the private local and foreign insurance companies, clients are mostly considering foreign private insurance companies due to their trustworthiness, experience in operation and wide coverage. Less number of branches of the public insurance companies may be another prime reason for not being preferred by the local clients. The analysis suggests in favour of choosing foreign private insurance firms, probably they have to be satisfied by saying that it is in many respects guided by client’s psychology of getting better and prompt services. They also found that only 13% respondents have chosen the insurance company with the influence of the work place. It has a solid implication for the insurance companies that they can offer group insurance policy with value added services to the organization which will help the insurance companies to get more customers. Moreover, they have found in the survey that a good number of people are
choosing 26.9% insurance companies with a view to earn higher returns on deposited money.\footnote{16}

16. Tim Query (2007) in his article entitled “Service Quality in Private Passenger Automobile Insurance” revealed various control variables that affect the service quality of an insurer. The measures of quality are: customer satisfaction scores that are collected from two consumer surveys, the consumer reports survey and the DALBAR survey. Of critical interest in the analysis of these two different surveys is their respective treatment of claims problems and non-claims problems. For customers who have filed claims with their insurers, more weight is given to the value of service they perceive. In particular, how fast their insurers handle their claims is much more important to these customers than to the general population of policyholders. In contrast, for general consumers of automobile insurance, their satisfaction is based on a number of factors. Specifically, the insurer’s capacity to provide service, output in auto lines, advertising expenditures, and distribution system all affect the quality of service perceived by customers.\footnote{16}

17. Rajni M. Shah (2008) in his study “Creating Consumer Awareness In Life Insurance” stated that Life insurers, both in public sector and private sector, should appreciate this ‘moment of truth’ so to say, and galvanize their energies and resources intelligently to bring about greater consumer awareness as a basic facilitator and an important constituent of business strategy. This will create synergy all across the organization. It should be appreciated that Consumer awareness provides a new frame of reference for value creation as also an opportunity for innovation. It is time to think out of ‘In box’ and adopt novel strategies and measures to foster awareness. To mention a few: a) launch awareness movement through various convenient people-oriented programmes, through media, corporate publicity, rural camps and popular
communication channels including Radio, TV, Publicity Vans; b) awareness of products and services though visuals that trigger curiosity and manifest in terms of desire and later sale-purchase transactions; c) beyond these stages, to take up awareness of other aspects such as product, price, quality, service convenience, status, pride, joy and ease; d) campaigns to educate rural and semi-urban masses on the need for security that protects their livelihood, security for produce and belongings, and create feel-good feelings; e) engage NGOs with proven credentials and rural intermediaries.  

18. Affaine Ahmad and Zalina Sungip (2008) in their article entitled “An Assessment on Service Quality in Malaysia Insurance Industry” have stated that there is a need to evaluate customer’s general expectation and perception of insurers in terms of services offered at the insurance service counter (ISC). This study also examines the relationship between the demographic factors and SERVQUAL mean score. The study utilized the survey approach. The sample consisted of 319 respondents. The result shows huge gap for reliability, responsiveness and empathy, which reliability shows highest gap between customer’s perception and expectation. This paper illustrates reliability that emerged as the most critical determinant of SERVQUAL measure for service quality. The other dimensions (tangible, responsiveness, assurance and empathy) appear important, but reliability dominates. Thus, results of this study underscore the need for insurance providers to gear customer service and quality improvement efforts towards components of reliability. The study intends to promote a better theoretical understanding and recognition of the complexities to service quality and its measurement.  

Study at Dungun examined the level of government servant's perception toward Motor Islamic Insurance. The product based on syariah principles for general insurance provided by Insurance Company in Malaysia. In order to examine the government servant's perception, this study emphasizes on four factors which are: product knowledge, awareness, advertising and benefit of the product. The purpose of this study is to identify whether there is a relationship between the independent variables (four factors) with the dependent variable (perception). The respondents are the government servants using Motor Islamic insurance. This research is done through the finding and multiple regression and Pearson correlation analysis, where we can see the strong relationship between knowledge, awareness, advertising and benefit of the product toward perception of Motor Islamic Insurance among government servants in Dungun.

Panchanatham, Senthil Kumar, Jhansi and Mani (2008) in their article entitled “A study on Policy Holder’s Expectation and Preference Towards Selected Private Life Insurance Companies in Karur District” suggested that the product terms and conditions should be completely transparent to the people. The life insurance company can arrange some meeting to popularize their schemes among the public and the disposal of claims can be made easy for policyholders. They also conclude that many private companies are entering into this sector for earning profit as well as providing service to the customers who are living in the rural and urban areas. The main aim of insurance is to give protection for entire life to the family members (i.e) sharing their risk. Today maximum number of people have knowledge of insurance and its benefits and as a result, the urban population got more attention and it led to good insurance penetration in urban areas, as well as the rural areas also.
21. Syed Husain Ashraf and Abdullah Faiz (2008) in their study entitled “India’s Insurance Sector In Post Privatization Period: Emerging Financial Issues” stated that Privatization of India’s insurance did not happen in the form of disinvestment, rather as a policy decision to keep the public sector insurance companies intact and allow private companies to conduct business. The insurance reform in India has far reaching consequences and given birth to numerous issues. This article identifies some of the financial issues i.e., growth of the sector, share of life insurance in total saving of household sector in financial assets, low insurance penetration and density specially in non-life sector, capital adequacy, low ceiling of FDI, external risk in a volatile financial world, etc.

22. Lavanya Vedagiri Rao, (2008) in her study “Innovation and New Service Development in Select Private Life Insurance Companies in India” revealed that the Global life insurance industry is facing major changes and the leading insurers are innovating their services in order to compete. Shifting consumer needs, changing regulatory requirements and the service competition are driving insurers to shift from the traditional ways of doing business to new channels, business models, processes and technologies. Services are the engines of expansion in the modern economies and service innovation is of vital importance to these service organizations. In the exploratory study, an attempt is made to understand how service firms actually innovate. Zonal Managers of ten select private life insurance companies in India are interviewed. They found that all the ten private life insurance companies have a Formal NSD unit and the top executives of Research and Development departments participate in the creation of new services. The role of customers are also considered important.
23. Sukumar Vellakkal (2009) in her article entitled “Adverse Selection and Private Health Insurance Coverage in India” examined the determinants of the scaling-up process of health insurance by analyzing the rational behaviour of an insurance agent facing a trade-off between selling ‘health insurance’ and ‘other forms of insurance’ subject to his limited time and efforts, and the implications of such behaviour on adverse selection and equity. The paper presents various pre-conditions affecting the rational behaviour of insurance agents and also discusses two new concepts—‘insurance habit’ and ‘asymmetric information on health insurance schemes’. Further, the study examines various strategies followed by insurance agents for maximizing their net incomes. The theoretical proposition is empirically validated by applying a binary Probit model and the primary data collected by the author is used in this context. The study concludes that given the existing incentive systems in the Indian insurance market for promoting various forms of insurance, the low level of insurance awareness among the general public, coupled with the dominant role of insurance agents in the market results in a situation of: 1. Low level of health insurance coverage, 2. No adverse selection and 3. Inequity in health insurance coverage.

24. Govind Johri (2009) in his study entitled “Customer Satisfaction in General Insurance Industry –A Step Towards Competitiveness” stated that customer service management is a multi faceted area in any public service business. Customer satisfaction is the most important criterion which encompasses quality product and value addition through evidence of what was implied to provide ultimate customer satisfaction. Customer (dis) satisfaction is cascading in nature and requires building relationship of confidence and trust with utmost commitment, internal accountability and a sense of care of customer. The insurer must try to get closure to the customer through 6 C concepts and by implementing customer experience management by
understanding customer’s value propositions through all his interactions and give weightage to more focused methodology. The final issue for any business in the competitive environment is of knowing profit opportunities in managing services through tangibilisation, empathy and reinstatement of one’s presence and performance by overcoming inconsistencies in customer service management in the organization.  

25. Keerthi and Vijayalakshmi (2009) in their article entitled “A Comparative Study on The Perception Level of The Services Offered by LIC and ICICI Prudential” revealed that in general, all respondents/policy holders have certain level of expectations from the services that are to be delivered by an insurance company. Their expectation level varies irrespective of the demographic profile (such as gender, age, marital status, no. of family members, occupation, education and their income) but they look forward to excellent delivery of services. Further, the study gave an insight into the actual experience of services provided by the policy holders of both LIC and ICICI Prudential. The study revealed the true fact that both LIC and ICICI Prudential do not show any difference in delivery of services in the case of two factors namely-gender and income of the policy holders. But in the case of other demographic factors such as age, marital status, number of members in the family, education and occupation of the respondents, both the insurance companies have shown their variations in delivering the services. This means that the policy holders have experienced different levels of services. As such, all the policy holders of both LIC and ICICI Prudential have shown their satisfaction towards the services of both insurance companies. The forthcoming years will be more dynamic and challenging for these insurance companies as delivering excellent services to all the strata of the economy will ensure their share.
26 Manjit Singh and Rohit Kumar in their article (2009) “Emerging Trends in Financial Performance of General Insurance Industry in India” indicated that the rapid expansion of Public Sector Insurance companies since nationalization has given rise to a number of problems related to the image, operational efficiency, productivity, and the quality of portfolio of the system as a whole. Liberalization and privatisation of the insurance sector has offered tremendous opportunities and since the onset of reforms, the public sector insurance companies have been compelled to review their philosophy and method of working, in order to be ready for competition with private sector companies. The present study attempts to evaluate the emerging trends in the growth and financial performance of General Insurance Companies in India. The study reveals that the insurance market has witnessed dynamic changes due to liberalization and privatisation of insurance sector and the industry witnessed significant growth which is mainly contributed by private sector companies. The study further reveals that the Private Sector General Insurance Companies' results present better efficiency in terms of expenses of management ratio, combined ratio, underwriting results ratio and they are increasing their market share year by year, whereas, the performance of Public Sector General Insurance Companies in terms of net earnings, and return on net worth ratio is better than that of Private Sector General Insurance Companies. The study highlights that public sector insurance companies are suffering from losses when it comes to their core insurance business, but still manage to get good net earnings, which is mainly ascribed to the investment income. The study concludes that undoubtedly, the entry of Private Sector Insurance Companies has contributed to the strengthening of General Insurance business as a whole by creating a competitive atmosphere.”
27. Srinivasa Narayana, Vijay Kumar, Siva Prasad (2009) in their case study “CRM - Panacea For Insurance Sector (Case Study of Life Insurance Companies in India & Abroad)” indicated that Insurance companies are undergoing a significant change and today's playing field is both complex and competitive. Competition has increased with banks and brokers adding insurance products to their product mix and insurers are now offering broader financial service products. The internet has added and increased pressure to margins by enabling customers to do their own comparison shopping. Capturing and sustaining market advantage in this fiercely competitive industry hinges on the ability to understand and leverage the industry's most valuable asset - the customers. This customer-centric approach which vies for customer loyalty and satisfaction can be successful only when supported by an enterprise-wide customer relationship management (CRM) strategy. The present paper focuses on the application of CRM tools and techniques by the insurance companies for gaining strategic advantage over its rivals. The arguments are tested with case studies of two insurance companies in India and abroad.

28. Tajudeen Olalekan Yusuf et. al., (2009) in their study entitled “Attitudes of Nigerians Towards Insurance Services: An Empirical Study” described Nigerians attitudes towards the insurance institution. The attitudes, most often negative, are mirrored through low patronage of insurance services. It discusses such socio-cultural factors that account for these attitudes and what role marketing strategies can play to change such negative tide. Drawing from theoretical foundation, an empirical survey was conducted among 392 members of the public -insuring and non-insuring – to gauge their awareness level and general attitudes towards insurance companies and their operations. The findings present different demographical factors and their attitudes towards insurance companies and their services. It is expected that findings
from such survey would constitute vital input for insurers in designing marketing strategies that would further stimulate and boost patronage and perception of insurance services.  

29. Manjit Singh and Rohit Kumar (2010) in their study entitled “Product Portfolio Trends in Indian General Insurance Industry” have stated that the Globalization has made a profound impact on the Indian insurance industry and has resulted in an overall increase in the awareness of the insuring public about the wide range and choice of insurance products and their prices offered by the competing insurers in the market. Several new and innovative products have been designed, developed and introduced into the market, particularly by private players. All these favorable conditions for the insurance sector need an evaluation of trends in the product portfolio, to examine the growth and development in the insurance sector in the post-liberalization period. The study aims at examining the emerging trends of each product portfolio in the public sector and the private sector general insurance companies in the post-liberalization era to identify the gaps and to make suggestions to general insurance companies to increase and spread penetration by improving their product portfolio performance, as the companies emphasize only few portfolios like motor, fire, health etc., where the need of the hour is to have a balanced portfolio performance to sustain general insurance penetration. So, the general insurance companies should market their entire portfolio to achieve balanced portfolio performance and increased insurance penetration.  

30. Venkatachalam and Sivakumar (2010) in their articles entitled “A Study on Rural Insurance Policyholders Satisfaction in Dindigul, Tamil nadu” revealed that the policy holder’s awareness has been found to influence their level of satisfaction, the insurance company should come forward to present advertisements in the regional
language. It will create awareness in the minds of public at large. Exhaustive market survey, consumer education programme, effective advertising campaign, customer grievance cell and effective after sales services are some of the suggestions offered for the improvement in marketing of rural insurance. They also found that the unclaimed discount is available only for poultry insurance. This study suggests that the unclaimed discount may be extended to all types of insurances. That the United India Insurance Company should take necessary precautionary measures at the time of scrutinizing the proposals and processing the claims to reduce the amount of expenses, and that the endowment cattle insurance policy, as applicable to human life insurance, may be introduced to attract more rural people.60

31. A.O. Okaro, C.C. Ohagwu J. Njoku (2010) conducted a study entitled “Awareness and Perception of National Health Insurance Scheme (NHIS) Among Radiographers in South East Nigeria”. In order to provide equitable access to healthcare delivery in Nigeria, the Federal Government of Nigeria introduced National Health Insurance Scheme (NHIS). This study was conducted to assess the knowledge and attitude towards the scheme among radiographers in South-East Nigeria. A cross-sectional prospective survey design that targeted all the clinical radiographers in South-East Nigeria was employed. The study employed forty (40) 17-item semi-structured questionnaires. The result showed there was high level of awareness of the existence of NHIS in Nigeria among the radiographers (n = 37, 100%). Seminars in the hospitals were noted to be the major source of information about NHIS (n = 17, 45.9%). Knowledge about various aspects of the scheme was not encouraging. The Radiographers, however, showed positive attitude towards the scheme. They agreed that NHIS is capable of improving healthcare delivery in Nigeria and admitted their willingness to participate in the scheme. They conclude
that the awareness of the existence of the scheme was very encouraging. However, this was not translated into knowledge of principle of operation of the scheme. The radiographers showed positive attitude towards the scheme. Seminars in hospitals were noted to play an important role in enlightening the healthcare professional and hence, should be encouraged.  

32. Masood H Siddiqui and Tripti Ghosh Sharma (2010) in their study entitled “Measuring the Customer Perceived Service Quality for Life Insurance Services: An Empirical Investigation” attempted to develop a valid and reliable instrument to measure customer perceived service quality in life-insurance sector. The resulting validated instrument comprised of six dimensions: assurance, personalized financial planning, competence, corporate image, tangibles, and technology. Further the results of analytical hierarchy process highlighted the priority areas of service instrument with assurance of the best predictor, followed by competence and personalized financial planning. The gap scores show that there is ample room for improvement in all the aspects related to service quality. These results would help the service managers to efficiently allocate attention and resources among these dimensions on the differential basis, consistent with the customer priorities. These findings can be transformed into effective strategies and actions for achieving competitive advantage through customer satisfaction and retention.  

33. Garg and Anju Verma (2010) in their article entitled “An Empirical Assessment of Five Dimensions of SERVQUAL in Life Insurance in India” revealed that it is designed to assess satisfaction level among life-insurance policyholders and to calculate the linear relationship among the five dimensions of SERVQUAL model. A sample size of 355 policyholders is drawn on the basis of random sampling. The SERVQUAL model has been fitted with five dimensions viz., product satisfaction,
pre-sale service, post-sale service, office service, and overall service quality. This was
to ensure a comprehensive measure of quality which incorporates the linear
relationship of the variables into the measurement.63

34. Masood H Siddiqui and Tripti Ghosh Sharma (2010) in their study entitled
“Analyzing Customer Satisfaction with Service Quality in Life Insurance
Services” revealed that the Life insurance players have started realizing that their
business depends on customer service and customer satisfaction. They are using
confirmatory factor analyses, and propose a six dimensional service-quality
instrument consisting of ‘assurance’, ‘personalized financial planning’, ‘competence’,
‘corporate image’, ‘tangibles’, and ‘technology’ in life insurance. A causal model,
using structural equation modeling, is suggested to investigate the effects of the
proposed service quality instrument on customer satisfaction (‘satisfaction with
agents’, ‘satisfaction with functional services’, ‘satisfaction with company’ and
finally with ‘overall satisfaction’). The proposed framework attempts to provide a
blueprint for appropriate course of action (by life insurance service providers) to
create a base of satisfied customers through quality services.64

35. Arulsuresh J and Rajamohan S (2010) in their study entitled “Perception of the
Policyholders Towards the Marketing of Insurance Services by the LIC of India”
stated that it is necessary to constantly monitor the emerging needs of the market,
arising due to the change in the value of social life. Demographic changes also
produce the different needs amongst the population. The contribution to the nation
building through strengthening the economy of a country, improvement of the health
care facilities, education as well as employment shall go a long way to ultimately
improve the quality of the life of individual members of the society. Investment in
infrastructure project shall set the country on a road to the progress one hand and
create goodwill and favourable organizational image in the minds of public on the other hand. Life insurer will also have to play a role for encouraging development of technology and make its effective use by enhancing the matching skills of inside public. LIC of India should provide the necessary facilities to each and every policy holder and should try to render innovative service to the policyholders.65

36 Vikas Gautam (2011) in her article entitled “Service Quality Perceptions of Customers About Insurance Companies: An Empirical Study” revealed that the five dimensions of the service quality perceptions are namely-tangibility, reliability, responsiveness, assurance, and empathy. The analysis of these dimensions that between public and private insurance companies shows that the Private insurance company ICICI Prudential has high tangibility in terms of employees, physical evidence and ambience. However, the public insurance company LIC is the oldest company, but employees of ICICI Prudential are comparatively more professional. In case of ambience, again, private insurance companies are spending more than public insurance companies. He suggested that the private sector insurance companies shall have to be more innovative in terms of the insurance product offers to customers and compete with full strength in the market. One important aspect which needs concentration is reliability. This aspect needs some relevant strategies. As indicated by the study, the private insurance players should make relevant strategies for gaining reliability. They should highlight the recent achievements in terms of numbers of policies, premium collected etc., so that the customers are aware of these, and trust these private sector insurance companies.66

37 Deepika Upadhyaya and Manish Badlani (2011) in their paper entitled “Service Quality Perception and Customer Satisfaction in Life Insurance Companies in India” concluded that a major contribution of this study is the provision of an
approach for the managers to identify the factors of service quality and customer satisfaction in retail life insurance in India. Although the satisfaction levels are on the higher side, yet there remains a lot to be done by the management of the retail life insurance companies to maximize their customer satisfaction and improve the quality of service. Further, many customers who are strongly familiar with interpersonal services may never be satisfied with purely technology-based services. Customers seem to want technology to be integrated into inter-personal relationships, not to replace them, regardless of their own personal technology readiness. The perception of customers is that sales people can use technology to solve their problems, helping to develop a sense of trust and satisfaction that is likely to extend their relationship. The sales people are the critical element in the interaction and relationship, and technology’s role is a support element that helps them develop their relationships.67

38. Dharmendra singh (2011) carried out a study entitled “Factors Affecting Customers Preferences for Life Insurers: An Empirical Study” with the aims to identify the factors that are influencing the selection of insurance company for purchasing the policy. An attempt has been made to study the customers’ preference for insurance companies. The variables for the selection of a company consisted of 7Ps of services marketing which the services providing companies like insurance companies are assumed to have given due importance. The respondents were queried about the factors which strongly influence their choice of a particular company. The findings were analyzed using ANOVA tests for each of the 7Ps. The findings reveal that product features, accessibility, low premium amount for advertising, proper redressal of complaints and better claim settlement are some of the factors that drastically influence the choice of a company.68
39. Rajeswari.K and Kartheeswari.S (2011) in their article entitled “Perception of Customers towards Life Insurance Services” stated that Customer satisfaction is the perception of customers on the service whether that service has met his needs and expectations. Service quality, personal factors, perception of equity and fairness, price, product quality, situational factors and attributions for service success or failure are the factors that influence the customer satisfaction. However, the perceptions and expectations of the policyholders who have taken the policies from Life Insurance Companies vary from person to person. This article emphasizes the perceptions of the policyholders about the services rendered by the LIC of India and intends to promote a better theoretical understanding and recognition of the complexities to service quality and its measurement with respect to life insurance. The study is based on 380 policyholders from Virudhunagar District situated in South Tamilnadu. They also examined the relationship between the demographic factors and SERVQUAL mean score. To determine the reliability of the attributes, the Cronbach’s Alpha is used to measure reliability of the dimensions reliability, responsiveness, assurance, empathy and tangibles. The giant public sector life insurance company in the study area with their thick infrastructure facilities and network of branches enjoyed a monopoly status in spite of the competition with private players on the basis of their service quality. The opinion survey with the policyholders also brings to the fore that the LIC has served them well in regard to dissemination of product knowledge, issue of policies, after sales service before and after claim even though a slight discontent is reported by minority.69

40. Vimal Priyan and Karthihaiselvi (2011) in their article entitled “A Study About Policy Holders of GIC Sivakasi” attempted to analyze and to understand the association between annual income and duration of policy taken by the policyholders.
They also conclude that the market has opened up for more players, the monopoly of the public sector insurers has simply vanished and now each insurer must strive hard to retain the customers and also add more consumers to their fold. In order to meet the competition from the private players, GIC must improve their quality of service to retain the customers and add more consumers.

41. Joseph Anbarasu, Clifford Paul and Annette (2011) in their article entitled “An Empirical Study on Some Demographic Characteristics of Investors and Its Impact on Pattern of Their Savings and Risk Coverage Through Insurance Schemes” revealed that the people are aware about the importance of saving, but the awareness about investment opportunities is low. Steps have to be taken by the government and private companies to increase the awareness by advertising campaigns. Investment companies need to offer schemes that are affordable by the low income, uneducated un salaried and families with children. Investment companies should make a provision and increase benefits for their schemes, to allow people to invest in the monthly mode, which is preferred by most investors. If people invest in long term saving schemes and infrastructure, the national saving rate will increase, which in turn will lead to a more prosperous India.

42. Mohamed Sharif Bashir and Nor Hafizah Hj Msail (2011) in their study entitled “Consumer Perception of Islamic Insurance Companies in Brunei Darussalam” examined the consumer perceptions of takaful companies in Brunei Darussalam. It focuses on select takaful products in order to investigate consumer perceptions. This study provides an overview of Brunei’s takaful industry. A survey questionnaire was administered to collect relevant and recent data on consumer perceptions relating to their respective takaful companies. The findings show that the most common problem encountered by takaful policyholders involves the claiming process. Some
suggestions have been offered for improving the takaful industry performance in
Brunei such as upgrading technology to foster delivery of services and upgrading staff
skills by more training. 72
43 Sumninder Kaur Bawa and Navjeet Kaur (2011) in their study conducted
"Performance Measurement Using the Frontier Efficiency Methodology: A
Study of Indian General Insurance Sector" stated that the wind of Liberalization,
Globalization & Privatization has opened new vistas in the Indian insurance industry
in the generation of intensely competitive environment. The present study compares
10 Indian General Companies comprising of 4 Public Sector Companies and 6 Private
Sector Companies from the year 2002-03 to 2009-10 using the Data Envelopment
Analysis for computing the Technical Efficiency, Pure Technical Efficiency and Scale
Efficiency. The article uses the claims incurred as the output and the Investment
income as well as the Net premium income as the inputs to arrive at the efficiency
level of both the sectors. It has been observed that among the public sector insurers
National Insurance Company has been the most efficient company and The New India
Assurance Company has been the most inefficient company in most of the years
under reference, whereas, the private insurers have been depicting the increasing
returns to scale over the years which has been a sign of the emergence of healthy
competition in the Indian General Insurance market except the Bajaj General
Insurance Company and ICICI General Insurance Company. It has also been reported
that the overall technical efficiency results of general insurers have been showing an
improvement over the period. On the other hand, the sector- wise performance
analysis states that though the technical efficiency of the public sector insurers i.e. 96
% has been more than that of the private sector companies i.e. 89 %, the
improvement in space and direction of the private sector has been reducing over the years. 73

44. Wan Asti Wan Abdul Aziz, Azman Che Mat and Engku Ahmad Mustafa Engku Wok Zin (2011) in their study entitled “A Study of Contributing Factors in Islamic Motor Insurance” examined the government servants’ perception towards Islamic Motor Insurance named as takaful. The product is based on Syariah Rules for general insurance provided by Insurance Company in Malaysia. This study emphasizes on four factors: product knowledge, awareness, advertising and benefit of the product. The purpose of this study is to measure the level of perception of Islamic Motor Insurance and to identify whether there is a relationship between the independent variables (four factors) with the dependent variable (perception). The respondents are the government servants who are using Motor insurance. This research is carried out through the finding of multiple regression and Pearson correlation analysis to find out the relationship between knowledge, awareness, advertising and benefit of the product toward perception of Islamic Motor Insurance among government servants. From the findings, the respondents show very good perception toward Islamic Motor Insurance. The findings showed that the customer’s perception levels are very positive towards Islamic Motor Insurance. 74

45. Narayanan and Saravanan (2011) in their article entitled “A study on Customers’ Perception Towards General Insurance Products (Livestock & Crop Insurance) with Special Reference to Erode Rural, Tamilnadu, India” stated that the main theme of this insurance is agricultural production in general, covering both crop farming and livestock activities. This study is an attempt to examine the present state of perception towards crop and live stock insurance in the 6 villages of Erode rural, Tamilnadu, India, and to expose the awareness towards crop and livestock insurance
practices and it highlights the farmers’ opinion towards insurance and operational problems.

46. Rajeswari and Kartheeswari (2011) in their article entitled “From the Margin to the Centre: A Perspective on Private Players in General Insurance” concluded that the insurance sector opened up for competition from the Indian private insurance companies with the enactment of Insurance Regulatory and Development Authority (IRDA Act), 1999. The insurance industry in India has undergone a sea change in terms of delivering value-added services to the consumers. A wide range of products, customer-focused services and professional advice have become the mainstay of the industry. Insurance products act more as an umbrella for protection than as a financial instrument for saving and tax planning. With more and more customers demanding innovative insurance solutions to their problems, insurers are competing with each other. The entry of private players has enabled the industry to look at alternative distribution channels. To get a bigger share of the premium pie, every public and private general insurance company is adopting new distribution and marketing strategies. Insurance companies are experiencing unacceptable levels of customer churn, and are focusing on retaining the existing customers in a bid to ensure net growth in their customer base. Today, the focus is on selling more products to the existing customers to improve profitability. Therefore, a basic understanding of the market evolution would dictate success in the distribution strategy. The public sector general insurance companies strive hard to create awareness for their different products both in the traditional and non-traditional business.

47. Lena Giesbert and Susan Steiner (2011) in their article entitled “Perceptions of (Micro) Insurance in Southern Ghana: The Role of Information and Peer Effects” investigate the understandings and perceptions of (micro)insurance among
low income people in Southern Ghana, using evidence from four focus group discussions. It analyzes how the focus group participants think about various types of insurance – among them a micro life insurance product – and how their negative and/or positive evaluations have come about. The evidence indicates that (micro) insurance is mostly positively perceived by the participants of the focus group discussions. However, they also found that many people’s image of insurance is based on incomplete (and sometimes erroneous) information, or even on intuition. In addition, the experiences or opinions of peers turn out to be critical in shaping an individual’s perception of insurance. These two factors potentially have a contagious effect, which can lead to unreasonably positive or overly negative ideas about (micro) insurance. Such ideas, in turn, can become detrimental to the further distribution of micro insurance.77

48. Montserrat Guillen et. al.,(2012) in their study entitled “Time-Varying Effects in The Analysis of Customer Loyalty: A Case Study in Insurance” found that Insurance customers usually hold more than one contract with the same insurer. A generalization of classical survival analysis methods is used to examine the risk of losing a customer once an initial insurance policy cancellation has occurred. This method does not assume that the model parameters are fixed over time, but rather the parameters may fluctuate. The results suggest that the kind of contracts held by customers and the concurrence of an external competitor strongly influence customer loyalty right after that cancellation, but those factors become much less significant some months later. The study shows how predictions of the probability of losing a customer can be readjusted and improve the way companies manage business risk.78

49. Chand Basha et.al., (2012) in their study entitled “A Study on Policy Holders’ Perception Towards Life Insurance in India” and revealed that Human Life
involved a lot of risk. Man is always striving hard to reduce risk. As a part of it, people are purchasing insurance policies to secure their families against uncertain events. Insurance is the primary risk management device that protects against risks, hazards or dangers to life and property. Life Insurance Corporation of India is one among the successful public sector organizations in India with 80% market share in life insurance sector. With the opening up of the insurance sector, a number of private players entered into the market. The new players with their focused approach and need based selling captured significant chunk of the insurance market. With this background a survey was conducted among 300 policy holders in Urban and Semi Urban centers to study policy holders’ perception towards LIC of India. Majority of the policyholders are influenced by agents while taking an insurance policy from LIC; a significant number of policyholders felt that the premium rate is high; majority of the sample policyholders prefer to buy ‘money back policy’ and policyholders expected a return of 11-15 percent from their investments.\textsuperscript{79}

50. Sreenivas and Anand (2012) carried out a study entitled “Investors Perceptions on Public and Private Life Insurance Companies in India- with Special Reference to Life Insurance Investors in Karnataka”\textsuperscript{79} and have concluded that life insurance is not simply a business proposition. It is not just a question of mobilization of resources for development. It is a questions of citizen’s sense of security. It provides a link between the present and future. It is a matter of the socio economic vision that the society has for its future. Due to the impact of globalization, Privatization and liberalization policy in the present era, LIC has opened many branches inside and outside India. Insurance companies from other countries have also come in India. In recent years, the growth rate of insurance business of private sector companies has been higher than that of LIC.\textsuperscript{50}
1.4 SCOPE OF THE STUDY

The present study carried out by the researcher titled *Perception of General Insurance Policy Holders on The Services Offered by Private Sector General Insurance Companies in Coimbatore District* aims to measure the extent of variation in the perception of respondents on the services offered by the services offered by Private Sector General Insurance Companies in Coimbatore District and to identify various factors that influence their perception on services offered by these companies.

1.5 OBJECTIVES

The following are the major objectives of the present study:

a) To review the origin and growth of Private Sector General Insurance Companies in India.

b) To assess the perception of the policy holders on the services offered by Private Sector General Insurance Companies in Coimbatore District.

c) To identify the factors that influence the perception of the respondent on the services offered by Private Sector General Insurance Companies in Coimbatore District.

d) To offer Suggestions for improving the services offered by Private Sector General Insurance Companies in Coimbatore District.

1.6 HYPOTHESES

In tune with the second and third objectives of the study, hypotheses have been formulated that various independent variables relating to the same respondents such as Age Group of the Respondents, Sex Group of the Respondents, Marital Status of the Respondents, Family Type of the Respondents, Family Size of the Respondents, Literacy Level of the Respondents, Occupational Status of the Respondents, Area of Residence, Monthly Family Income of the Respondents, Average Monthly Savings of the Respondents, Source of Investment of the Respondents, Source of Awareness of the
Respondents, Service Provider of the Respondents, Reasons for Choosing the Insurance by the Respondents, Motives for Insurance, Type of Policy, Period of Holding Policy, Premium Payment Period, Mode of Premium Payment, Opinion Rate of Premium, Bonus Received Status, Claims Made Status. Opinion on overall services offered by these Private Sector Insurance Companies do not significantly influence the following dependent variables of the study:

a) Perception of the respondents on the quality of the services offered by the Private sector General Insurance Companies.

b) The perception of the respondents on the various components of the services rendered by The Private Sector General Insurance Companies.

1.7 OPERATIONAL DEFINITIONS

a. Insurance:

Insurance is one of the best means of availing protection against many forms of losses arising out of uncertain events. In insurance, the risk is transferred from the Insured to the Insurer.

b. Life Insurance:

Life insurance is a contract between an insured (insurance policy holder) and an insurer, where the insurer promises to pay a designated beneficiary a sum of money (the "benefit") upon the death of the insured person, depending on the contract.

c. General Insurance:

The insurance other than life insurance, i.e., the non-life insurance is called as General Insurance.

d. Private Sector General Insurance Companies:

The General Insurance Companies which are owned, controlled and managed by the Private Players.

e. Insurance Policies:

The legal document issued by the company to the policyholder, which outlines the conditions and terms of the insurance.
f. **Insurance Premium:**

It is the consideration paid by the insured to the insurer for the risk undertaken by the latter.

g. **Client:**

A person / an organisation, receiving the benefits, services, etc., of a Private Sector General Insurance Company.

h. **Client Services:**

The variety of services offered by the Private Sector General Insurance Companies to cater to the needs and demands of their clients.

i. **Claim:**

A request for payment of a loss which may come under the terms of an insurance contract.

j. **Claim Settlement Procedure:**

The procedure and mechanism that have been adopted by the Private Sector General Insurance Companies for settling the claims against losses made by their clients.

k. **Client Satisfaction:**

The satisfaction and fulfillment derived by the clients on the variety of services that have been offered by the Private Sector General Insurance Companies.

l. **Insurance Services:**

Various services such as vehicles insurance, mediclaim insurance, personal accident insurance, household insurance, shopkeeper insurance, fire insurance, and marine insurance etc., that have been offered by the Private Sector General Insurance Companies to their clients.

m. **Value Added Services**

Value Added Services refers to advanced and/or additional services given to customers apart from the regular services that have been offered by the Private Sector General Insurance Companies.
1.8 METHODOLOGY

The present study, carried out by the researcher, is an empirical study in nature based on survey method. The researcher has collected the data required for carrying out the present study in three stages. For the purpose of carrying out the study, the researcher has made use of the primary data collected from the selected sample respondents through a specifically designed interview schedule, published and unpublished data from various sources, data available from online sources, and discussion with the officials concerned with the Private Sector General Insurance Companies in Coimbatore District.

The primary data required for the study were collected from the selected sample respondents during the first stage of the study. The perception of the sample respondents on quality of services offered and their perception of various components of the services that have been offered by the Private Sector General Insurance Companies in Coimbatore District were collected by means of interviewing the selected sample respondents with the help of the interview schedule (Appendix-II) specifically designed for this purpose.

The secondary data relating to the present study such as the origin and growth of Indian Private Sector General Insurance Industry, performance of this sector etc., were obtained from various published and unpublished records, annual report, bulletins, booklets, journals, magazines, online sources etc., during the second stage of data collection.

The researcher held discussions with the officials of the concerned Private Sector General Insurance Companies in Coimbatore District with a view to obtain a clear picture on the functioning and the various services that have been offered by these companies to their customers during the last stage of data collection. These discussions held by the researcher with the officials of the Private Sector General Insurance Companies were helpful in identifying the problems of the study in a clear cut manner. The present study
carried out by the researcher is individual client oriented, and the factors selected are personal in character.

1.9 CONSTRUCTION OF TOOLS AND PILOT STUDY

For the purpose of collecting the primary data required for conducting the study, the researcher constructed the necessary tools by himself. Casual interviews with fifty clients, and ten officials who are in the middle level managerial cadre of various Private Sector General Insurance Companies in Coimbatore District were conducted by the researcher for the purpose of identifying the suitable and appropriate variables of the study. The outcomes of these discussions were considered and given the due weightage by the researcher in the construction of the interview schedule for the purpose of conducting the study.

The interview schedule (Appendix-II) designed for the purpose of assessing the perception of the sample respondents on the quality of services offered and their perception on the various components of the services offered by the Private Sector General Insurance Companies in Coimbatore District was constructed in English for the purpose of carrying out the pilot study by the researcher. The pilot study was conducted during July 2011 and it covered fifty clients of various Private Sector General Insurance Companies in Coimbatore District. In the light of the pilot study, the researcher has made necessary modifications and additions in the interview schedule. The researcher has made use of the data sheets (Appendix-VIII) for the purpose of recording the secondary data collected by him from various sources.

1.10 SAMPLING DESIGN

The city of Coimbatore, popularly known as 'The Manchester of South India' and 'Textile Capital of South India', comprises of a network of Textile Mills and Engineering Industries employing larger labour force. This district is one of the thickly populated
districts in the State of Tamil Nadu. As the population is more, the vehicle population is also more in this district. Hence, it offers wider scope for the functioning of the General Insurance Companies. The district has the presence of both public as well as Private Sector General Insurance Companies. The researcher has chosen the Private Sector General Insurance Companies functioning in the district as the target group for the present study. In Coimbatore District, sixteen Private Sector General Insurance Companies are functioning. Out of these sixteen companies, ten Private Sector General Insurance Companies have been selected as the sample units for the present study. These companies have been selected by simple random sampling method, using lottery method. In each selected unit, one hundred policy holders have been selected as the sample respondents for the study from the list of policy holders maintained by these companies by using Tippets Random Numbers. Thus, on the whole, one thousand sample respondents were selected for the study.

1.11 GEOGRAPHICAL COVERAGE

The area of coverage of the present study undertaken by the researcher is Coimbatore District in the State of Tamilnadu in India.

1.12 THE FIELD WORK AND COLLECTION OF DATA

The researcher has conducted the field work for the present study between December, 2011 and May, 2012. Personal interview with the selected sample respondents has been the major tool employed by the researcher for the purpose of collecting the necessary data for the conduct of the present study. For the purpose of collecting and recording the data required for the purpose of the study from the selected sample respondents during the time of interview, an Interview Schedule (Appendix-II) was administered by the researcher. The interviews with the selected sample respondents were held at the residence or work place of the respondents in accordance with their
convenience. The researcher has established the proper rapport with the sample respondents before the commencement of the interview.

The data obtained by the researcher during the time of interview from the selected sample respondents were recorded properly in the Interview Schedule. After the interview, the filled interview schedules were thoroughly checked by the researcher in order to ensure the correctness, consistency, accuracy and completeness of the data furnished by the respondents. On an average, each interview took about 45 minutes. The data thus collected through the interview with the selected sample respondents were categorised and posted in the Master Table for further processing.

1.13 RELIABILITY TEST FOR THE INTERVIEW SCHEDULE

The components which were considered for scaling to assess the perception of the respondents on the quality of services offered by the Private Sector General Insurance Companies in Coimbatore District is 134 in number, and the perception of the respondents on the procedural aspects is 31 in number; perception of the respondents on the premium related aspects is 29 in number; and the perception of the respondents on the claim settlement procedure is 24 in number, and the perception of the respondents on the client satisfaction is 50 in number. The data collected by the researcher from fifty sample respondents from the Private Sector General Insurance Companies in Coimbatore District through the Interview Schedule were taken into account for conducting the Reliability Analysis.

The components which were included in the scale formulated by the researcher were divided into two parts, each part containing sixty seven items selected randomly. The correlation between two parts was found to be 93.50% for the dependent variable (a) i.e. perception of the respondents on the Quality of services offered by the Private Sector General Insurance Companies in Coimbatore District; 97.20% for the dependent variable
(b) i.e. perception of the respondents on the procedural aspects adopted by the Private Sector General Insurance Companies in Coimbatore District; 95.00% for the dependent variable (c) i.e. perception of the respondents on the premium related aspects with regard to the Private Sector General Insurance Companies in Coimbatore District; 95.00% for the dependent variable (d) i.e. the perception of the respondents on the claim settlement procedures followed by the Private Sector General Insurance Companies in Coimbatore District and 97.00% for the dependent variable (e) i.e. the satisfaction derived by the clients on the services that have been offered by the Private Sector General Insurance Companies in Coimbatore District.

1.14 DATA PROCESSING

The analysis required for the present study has been processed with the help of the computer.

1.15 QUANTIFICATION AND MEASUREMENT OF VARIABLES AND CONSTRUCTION OF SCALES

The researcher has carried out the present study with the key objective of measuring the extent of variation in the perception of the sample respondents on the quality of services offered by the Private Sector General Insurance Companies in Coimbatore District and to identify the various factors that influence their perception on the various components of the services that have been offered by these companies.

A scale by name 'Quality of Services Perception Scale' (Appendix-III) was constructed by the researcher in order to measure the perception of the respondents on the quality of services that have been offered by the Private Sector General Insurance Companies in Coimbatore District. Apart from this scale, the researcher has constructed 'Procedural Aspects Scale' (Appendix-IV), 'Premium Related Factors Scale' (Appendix-V), 'Claim Settlement Procedure Scale' (Appendix-VI) and 'Client Satisfaction Scale'
(Appendix-VII) for the purpose of assessing the perception of the respondents on the various components of the services that have been offered by the Private Sector General Insurance Companies in Coimbatore District.

The stated scales have been constructed by the researcher on the basis of the scores assigned to various components which were identified by the researcher that these factors contribute for the perception of the respondents on the quality of services offered by the Private Sector Insurance Companies in Coimbatore District and the perception of the respondents on the various components of the services that have been offered by these companies. The independent variables such as personal factors and the policy holding factors relating to the sample respondents have been categorized and the perception of the respondents on the quality of services offered and their perception on the various components of the services offered by the Private Sector General Insurance Companies in Coimbatore District have been measured through the scales specifically constructed by the researcher for this specific purpose.

1.16 FRAMEWORK OF ANALYSIS

The general plan of analysis of the present study ranged from simple descriptive statistics, bivariate test, testing of hypotheses, to multivariate techniques. The extent of variation in the perception of the respondents on the quality of services that have been offered by the Private Sector General Insurance Companies in Coimbatore District and the factors that influence the same and the extent of variation in the perception of the sample respondents on the various components of the services offered by these companies and the factors that influence their perception on the components of the services offered by these companies have been analysed. The perception of the respondents on the quality of services offered and their perception on the various components of the services that have been offered by the Private Sector General Insurance Companies in Coimbatore...
District have been measured through the scales constructed exclusively for this purpose. Then the researcher has made factor-wise analysis. The dependent variable viz., the perception of the respondents on the quality of services offered by the Private Sector General Insurance Companies in Coimbatore District and the perception of the respondents on the various components of the services that have been offered by the Private Sector Insurance Companies in Coimbatore District were related to the sample respondents such as the personal factors and the policy holding factors which influence these dependent variables. The mean and range scores of each group of the respondents on the various components were calculated. In order to find out the significance of the differences between the mean scores, Analysis of Variance has been employed. Contingency Tables have been formed and Chi-Square Tests have been applied for testing the association between the variables. The co-efficient of correlation between the dependent variables of the study and the selected independent variables have been put into Multiple Regression Analysis to explain the extent of variance of the dependent variables influenced by the independent variables combined. The Step-wise Analysis has been used to find out the joint influence of different combination of factors. Factor Analysis has been used to find out the components which are similar and form a factor.

1.17 LIMITATIONS OF THE STUDY

The following are the limitations of the present study:

a) The study is confined only to the Non–Life Insurance Industry Sector and has not considered the life insurance Industry.

b) The study considers only the General Insurance Companies which are functioning in the Private Sector and has not considered the Public Sector General Insurance Companies.
1.18. CHAPTER SCHEME


The second chapter presents a bird’s eye view on the growth and progress of Private Sector General Insurance Industry in India. The third chapter measures the extent of variation in the perception among the respondents on the services that have been offered by Private Sector General Insurance Companies in Coimbatore District. The factors that influence the perception of the respondents on the services that have been offered by Private Sector General Insurance Companies in Coimbatore District have been assessed in the fourth chapter. The last and fifth chapter deals with the summary of findings, problems faced by the respondents on the services offered by the Private Sector General Insurance Companies, suggestions for improving the services that are offered by the Private Sector General Insurance Companies, scope for further study and conclusion.


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