CHAPTER VI

FINDINGS, CONCLUSIONS AND SUGGESTIONS
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After analyzing the qualitative and quantitative information based on the objectives and hypothesis formulated major findings, conclusions and suggestions were presented in this chapter.

- The year on year (YoY) changes of net earned premium in fire segment is estimated to 22.57 percentage points.
- The net earned premium in marine segment has registered 16.58 percent of growth per annum during the 200-01 and 2009-10.
- The arithmetic mean of net earned premium in aviation segment is found to be Rs 199.73 crores accompanied by higher degree of volatility measured in terms of standard deviation (Rs 188.04 crores).
- The year on year (YoY) changes of net earned premium in engineering segment is estimated to be 13.94 percentage points.
- The net earned premium in motor segment has registered 68.04 percent of growth per annum during the 200-01 and 2009-10.
- The arithmetic mean of net earned premium in miscellaneous segment is found to be Rs 2436.91 crores accompanied by considerable degree of volatility measured in terms of standard deviation (Rs 1733.13 crores).
- The claim in fire segment has registered 36.29 percent of growth per annum during the 200-01 and 2009-10.
- The claim in marine segment has registered 9.71 percent of growth per annum during the 200-01 and 2009-10.
- The arithmetic mean of net claims in aviation segment is found to be Rs 95.12 accompanied by considerable degree of volatility measured in terms of standard deviation (Rs 84.03 crores).
- The claim in engineering segment has registered 7.05 percent of growth per annum during the 200-01 and 2009-10.
- The year on year (YoY) changes of claims in motor segment is estimated to be 13.20 percentage points.
The arithmetic mean of net claims in miscellaneous segment is found to be Rs 857.09 crores accompanied by considerable degree of volatility measured in terms of standard deviation (Rs 486.87 crores).

The arithmetic mean of net total premium is found to be Rs 5052.28 crores accompanied by considerable degree of volatility measured in terms of standard deviation (Rs 2058.84 crores).

The total claims have registered 35.07 percent of growth per annum during the 200-01 and 2009-10.

The ratio claims to premium has increased over a period of time coupled with a higher degree of fluctuations. The rate of growth of claims to premium has been estimated to be 1.42 per annum.

The year on year (YoY) changes in investment indicated that the average increase in investment is estimated to be 17.69. The growth of investment during the said period is 329.28 percent per annum.

The average of the income accrued to the GIC from its investment is 942.99 crores and its fluctuations are found to be 309.32 crores. The YoY changes in income are estimated to be 11.98 per annum.

The rate of increase in income is lower than the rate of increase in investment over period. The growth of increase in the value of the income and investment is 1.64 percent per annum.

Net worth of the share holders has witnessed a phenomenal growth during 2001-2010.

Gross premium growth rate has increased from 10.4 in 2005 to 20.8 in 2010 indicating as a positive note of general insurance business in India except with down turns in 2006 and 2009.

Gross Premium to share holders fund ratio is subjected to a higher degree of fluctuations during the said period.

Growth rate of share holders fund has increased from 3.1 in 2005 to a peak of 24.6 in 2006 and declined to 12.8 in the next immediate year and risen to 17.5 in 2010.

Operating profit ratio is subjected to a high degree of volatility.

Liquid assets to liabilities ratio is comfortably well despite the presence of volatility.
• Net earnings ratio shows the efficiency of the GIC in India as it has shown a positive note except in the year 2008.
• Return on net worth ratio has shown an impressive record except in the year 2008.
• Gross NPA ratio has been brought down from 5.87 in the year 2005 to 3.61 in the year 2010 but the same does not hold good in case of Net NPAs.
• The GIC has made 47.24 percent of its investments in the companies and instruments which have got AAA rating which is the symbol of the highest safety and returns followed by 29.59 percent of investment in institutions and instruments with AA or better rating. Thus, 76.83 percent of investment of the GIC has been invested in a very safe and secured coupled with handsome returns. Thus, it can be understood that the risk management by the GIC is considered to be fairly good.
• The GIC has placed 37.5 percent of its investments with the central government which is the replica of the highest safety and trust followed by 22.96 percent of investment in institutions and instruments of the state governments. It is further observed that the GIC has placed 39.54 percent of its investments in corporate sector, a symbol of efficiency. Thus, 60.46 percent of investment of the GIC has been invested in a very safe and secured coupled with handsome returns of both central and state governments. Thus, it can be understood that the risk management by the GIC is considered to be fairly good.
• Majority of the sample insured are from semi-urban and urban areas.
• Majority of the respondents are drawn from the categories motor and fire.
• 49.5 percent of the sample insured is from medium size concerns, followed by small business (43 percent) and big business (7.5 percent).
• 95 percent of the sample business concerns are owned by the private sector and 5 percent are owned by the public sector.
• Majority of the business concerns are found in the age range of 3-5 years (48.5 percent) followed by 45.5 percent in the age range of Up to 3 years.
• 70 percent of the respondents have insured the average sum of above 6.1 lacs.
- Motor insurance is the predominant source of business for New India insurance company in Kurnool district in both the years followed by fire insurance miscellaneous insurance and marine cargo in the order.
- Motor insurance is the predominant source of business for United India insurance company in Kurnool district in the 2008-09 year and miscellaneous insurance business in the year 2009-10. It is further observed that marine cargo business stands last in the volume of business in both the years.
- Motor insurance is the predominant source of business for Oriental insurance company in Kurnool district in both the years followed by miscellaneous insurance, fire insurance and marine cargo in the order.
- Miscellaneous insurance is the predominant source of business for National assurance company in Kurnool district in both the years followed by motor insurance, fire insurance and marine cargo in the order.
- Motor insurance is the predominant source of business for BAJAJ ALLIENZ in Kurnool district in both the years followed by marine insurance, miscellaneous insurance and fire insurance in the order.
- In the year 2009-10 predominance of motor insurance is followed by miscellaneous insurance, marine and fire insurance in the order.
- Motor insurance is the predominant source of business for Reliance insurance in Kurnool district in both the years. In the year 2009-10 predominance of motor insurance is followed by marine, fire insurance and miscellaneous insurance in the order.
- Majority of the respondents are from public insurance companies.
- 65 percent of the respondents from the general insurance companies have faced the problem of poor consumer loyalty.
- 65 percent of the respondents from the general insurance companies have faced the legal problems.
- 55 percent of the respondents from the general insurance companies have faced the inadequate staff problems.
- 70 percent of the respondents from the general insurance companies have faced the too many players for the given size of the cake problem.
- 65 percent of the respondents from the general insurance companies have faced the problem of lack of professional approach among the consumers.
• The relationship between the ownership of the respondents and their perceptions of a problem encountered by them namely poor consumer loyalty is found to be statistically dependent.
• The relationship between the ownership of the respondents and their perceptions of a problem encountered by them namely legal problems is found to be statistically dependent.
• The relationship between the ownership of the respondents and their perceptions of a problem encountered by them namely inadequate staff is found to be statistically dependent.
• The relationship between the ownership of the respondents and their perceptions of a problem encountered by them namely too many players is found to be statistically dependent.
• The relationship between the ownership of the respondents and their perceptions of a problem encountered by them namely lack of professional approach among the consumers is found to be statistically dependent.
• 75% of respondents have preferred public sector general insurance companies and 25% of the respondents have opted for private sector general insurance companies.
• 56 percent of the respondents have strongly agreed that they have preferred public sector general insurance companies for their proven performance.
• 58.66 percent of the respondents have strongly agreed that they have preferred public sector general insurance companies for their faith in government.
• 42.66 percent of the respondents have strongly agreed that they have preferred public sector general insurance companies for their accountability.
• 54.66 percent of the respondents have strongly agreed that they have preferred public sector general insurance companies for their transparency.
• 46 percent of the respondents have strongly agreed that they have preferred public sector general insurance companies for their longstanding relationship and only 1.33 percent of them have strongly disagreed with this statement.
• 58 percent of the respondents have strongly agreed that they have preferred public sector general insurance companies for their well developed supporting services and only 1.33 percent of them have strongly disagreed with this statement.
• 30 percent of the respondents have strongly agreed that they have preferred private sector general insurance companies for their easy settlement of claims and only 10 percent of them have strongly disagreed with this statement.

• 28 percent of the respondents have strongly agreed that they have preferred private sector general insurance companies for their attractive rate of premium and only 8 percent of them have strongly disagreed with this statement.

• 26 percent of the respondents have strongly agreed that they have preferred private sector general insurance companies for their flexibility in payment and only 12 percent of them have strongly disagreed with this statement.

• 26 percent of the respondents have strongly agreed that they have preferred private sector general insurance companies for their time saving services and only 8 percent of them have strongly disagreed with this statement.

• 20 percent of the respondents have strongly agreed that they have preferred private sector general insurance companies for their effective CRM practices and only 8 percent of them have strongly disagreed with this statement.

• The relationship between choice of the company and their location is found be statistically independent.

• The relationship between choice of the company and their category of the business is found be statistically independent.

• The relationship between choice of the company and their category is found be statistically independent.

• The relationship between choice of the company and their category is found be statistically dependent.

• The relationship between choice of the company and the age of the concern is found be statistically independent.

• The relationship between preferences for public limited companies due to proven performance and their location is found be statistically independent.

• The relationship between preferences for public limited companies due to proven performance and their category of the business is found be statistically independent.
• The relationship between preferences for public limited companies due to their proven performance and their business concern size is found to be statistically independent.

• The relationship between preferences for public limited companies due to their proven performance and the ownership is found to be statistically independent.

• The relationship between preferences for public limited companies due to their proven performance and the age of the concern is found to be statistically independent.

• The relationship between preferences for public limited companies due to their faith in government and the location of the concern is found to be statistically independent.

• The relationship between preferences for public limited companies due to their faith in government and the category of the business is found to be statistically independent.

• The relationship between preferences for public limited companies due to their faith in government and the size of the concern is found to be statistically independent.

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• The relationship between preferences for public limited companies due to their faith in government and the age of the concern is found to be statistically independent.

• The relationship between preferences for public limited companies due to accountability of government and the location of the concern is found to be statistically independent.

• The relationship between preferences for public limited companies due to accountability of government and the category of the business is found to be statistically independent.

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• The relationship between preferences for public limited companies due to their transparency and the location of the business is found be statistically independent.

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• The relationship between preferences for public limited companies due to their transparency and the ownership of the business is found be statistically independent.

• The relationship between preferences for public limited companies due to their long standing relationship with them and the location of the business is found be statistically independent.

• The relationship between preferences for public limited companies due to their long standing relationship with them and the category of the business is found be statistically independent.

• The relationship between preferences for public limited companies due to their long standing relationship with them and the size of the business is found be statistically independent.

• The relationship between preferences for public limited companies due to their long standing relationship with them and the ownership of the business is found be statistically independent.

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- The relationship between preferences for public limited companies due to their long standing relationship with them and the age of the business is found be statistically independent.
- The relationship between preferences for public limited companies due to their well developed supporting services and the location of the business is found be statistically independent.
- The relationship between preferences for public limited companies due to their well developed supporting services and the category of the business is found be statistically independent.
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- The relationship between preferences for public limited companies due to their well developed supporting services and the ownership of the business is found be statistically independent.
- The relationship between preferences for private sector insurance players due to easy settlement of claims by them and the location of the business is found be statistically independent.
- The relationship between preferences for private sector insurance players due to easy settlement of claims by them and the category of the business is found be statistically independent.
- The relationship between preferences for private sector insurance players due to easy settlement of claims by them and the size of the business is found be statistically dependent.
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- The relationship between preferences for private sector insurance players due to easy settlement of claims by them and the age of the business is found be statistically independent.
• The relationship between preferences for private sector insurance players due to their attractive premium and the location of the business is found to be statistically independent.

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• The relationship between preferences for private sector insurance players due to flexibility in premium payment and the location of the business is found to be statistically independent.

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• The relationship between preferences for private sector insurance players due to their time saving services and the location of the business is found to be statistically independent.
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• The relationship between preferences for private sector insurance players due to their effective CRM practices and the location of the business is found be statistically independent.

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• 72 percent of the respondents have shifted their loyalty from one general insurance company to the other due to high premium and 28 percent of the respondents did not endorse this view.

• 62.5 percent of the respondents have shifted their loyalty from one general insurance company to the other due to absence of flexibility in payment.
- 66.5 percent of the respondents have shifted their loyalty from one general insurance company to the other due to inadequate network.
- 81.5 percent of the respondents have shifted their loyalty from one general insurance company to the other due to inadequate attention by the staff.
- 61 percent of the respondents have shifted their loyalty from one general insurance company to the other due to non receipt of reminder to renewal.
- 57.5 percent of the respondents have shifted their loyalty from one general insurance company to the other due to poor CRM practices.
- 81.5 percent of the respondents have shifted their loyalty from one general insurance company to the other due to advice of the colleagues/friends.
- 66.5 percent of the respondents have shifted their loyalty from one general insurance company to the other due to stringent conditions for delayed payments.
- 61 percent of the respondents have shifted their loyalty from one general insurance company to the other due to additional benefits offered by the other companies and 39 percent of the respondents did not endorse this view.
- 63 percent of the respondents have shifted their loyalty from one general insurance company to the other due to relationship with the staff of other companies.
- 66.5 percent of the respondents have shifted their loyalty from one general insurance company to the other due to bankers’ reference.
- 63 percent of the respondents have shifted their loyalty from one general insurance company to the other due to unusual time taken to settle the case in the past.
- 63 percent of the respondents have shifted their loyalty from one general insurance company to the other due to use of poor technology to assess the damage.
• 67 percent of the respondents have shifted their loyalty from one general insurance company to the other due to lack of transparency in valuation of the damage.

• 56 percent of the respondents have shifted their loyalty from one general insurance company to the other due to inordinate delay in claim payment.

• 56 percent of the respondents have shifted their loyalty from one general insurance company to the other due to poor public image.

• 57 percent of the respondents have shifted their loyalty from one general insurance company to the other due to collaboration with other companies.

• 75.5 percent of the respondents have shifted their loyalty from one general insurance company to the other due to Staff's approach is not conducive.

• 80 percent of the respondents have shifted their loyalty from one general insurance company to the other due to Absence of client specific services.

• The relationship between location of the business and their perceptions of high premium rate charged by an insurance company as a determinant of shifting insurance policy from one company to the other company or not renewing the relationship with the existing company is found be statistically independent.

• The relationship between location of the business and their perceptions of absence of flexibility in payment of premium of an insurance company as a determinant of shifting insurance policy from one company to the other company or not renewing the relationship with the existing company is found be statistically independent.

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• The relationship between Ownership of the business and their perceptions of unusual time taken to settle the case in the past as a determinant of shifting insurance policy from one company to the other company or not renewing the relationship with the existing company is found be statistically dependent.

• The relationship between Ownership of the business and their perceptions of lack of transparency in valuation of the damage as a determinant of shifting insurance policy from one company to the other company or not renewing the relationship with the existing company is found be statistically dependent.

• The relationship between Ownership of the business and their perceptions of inordinate delay in claim payment as a determinant of shifting insurance policy from one company to the other company or not renewing the relationship with the existing company is found be statistically dependent.

• The relationship between Ownership of the business and their perceptions of poor public image as a determinant of shifting insurance policy from one company to the other company or not renewing the relationship with the existing company is found be statistically dependent.

• The relationship between Ownership of the business and their perceptions of due to collaboration with other companies as a determinant of shifting insurance policy from one company to the other company or not renewing the relationship with the existing company is found to be statistically dependent.

• The relationship between Ownership of the business and their perceptions of staff’s approach is not conducive as a determinant of shifting insurance policy from one company to the other company or not renewing the relationship with the existing company is found be statistically independent.
• The relationship between Ownership of the business and their perceptions of absence of client specific services as a determinant of shifting insurance policy from one company to the other company or not renewing the relationship with the existing company is found be statistically dependent.

• The relationship between age of the business and their perceptions of high premium rate charged by an insurance company as a determinant of shifting insurance policy from one company to the other company or not renewing the relationship with the existing company is found be statistically independent.

• The relationship between age of the business and their perceptions of absence of flexibility in payment of premium of an insurance company as a determinant of shifting insurance policy from one company to the other company or not renewing the relationship with the existing company is found be statistically independent.

• The relationship between age of the business and their perceptions of inadequate network of an insurance company as a determinant of shifting insurance policy from one company to the other company or not renewing the relationship with the existing company is found be statistically independent.

• The relationship between age of the business and their perceptions of inadequate attention by the staff of an insurance company as a determinant of shifting insurance policy from one company to the other company or not renewing the relationship with the existing company is found be statistically independent.

• The relationship between age of the business and their perceptions of non receipt of reminder to renewal from an insurance company as a determinant of shifting insurance policy from one company to the other company or not renewing the relationship with the existing company is found be statistically independent.

• The relationship between age of the business and their perceptions of poor CRM practices of an insurance company as a determinant of shifting insurance policy from one company to the other company or not renewing the relationship with the existing company is found be statistically independent.
• The relationship between age of the business and their perceptions of advice of colleagues/friends about an insurance company as a determinant of shifting insurance policy from one company to the other company or not renewing the relationship with the existing company is found be statistically independent.

• The relationship between age of the business and their perceptions of stringent conditions for delayed payments by an insurance company as a determinant of shifting insurance policy from one company to the other company or not renewing the relationship with the existing company is found be statistically dependent.

• The relationship between age of the business and their perceptions of additional benefits offered by the other companies as a determinant of shifting insurance policy from one company to the other company or not renewing the relationship with the existing company is found be statistically independent.

• The relationship between age of the business and their perceptions of relationship with the staff of other companies as a determinant of shifting insurance policy from one company to the other company or not renewing the relationship with the existing company is found be statistically independent.

• The relationship between age of the business and their perceptions of bankers’ reference as a determinant of shifting insurance policy from one company to the other company or not renewing the relationship with the existing company is found be statistically independent.

• The relationship between age of the business and their perceptions of unusual time taken to settle the case in the past as a determinant of shifting insurance policy from one company to the other company or not renewing the relationship with the existing company is found be statistically independent.

• The relationship between age of the business and their perceptions of lack of transparency in valuation of the damage as a determinant of shifting insurance policy from one company to the other company or not renewing the relationship with the existing company is found be statistically independent.

• The relationship between age of the business and their perceptions of inordinate delay in claim payment as a determinant of shifting insurance policy from one company to the other company or not renewing the relationship with the existing company is found be statistically independent.
• The relationship between age of the business and their perceptions of poor public image as a determinant of shifting insurance policy from one company to the other company or not renewing the relationship with the existing company is found be statistically independent.

• The relationship between age of the business and their perceptions of due to collaboration with other companies as a determinant of shifting insurance policy from one company to the other company or not renewing the relationship with the existing company is found be statistically independent.

• The relationship between age of the business and their perceptions of staff’s approach is not conducive as a determinant of shifting insurance policy from one company to the other company or not renewing the relationship with the existing company is found be statistically independent.

• The relationship between age of the business and their perceptions of absence of client specific services as a determinant of shifting insurance policy from one company to the other company or not renewing the relationship with the existing company is found be statistically independent.

CONCLUSIONS

➢ Net worth of the share holders has witnessed a phenomenal growth during 2001-2010. Gross premium growth rate has increased from 10.4 in 2005 to 20.8 in 2010 indicating as a positive note of general insurance business in India except with down turns in 2006 and 2009. Gross Premium to share holders fund ratio is subjected to a higher degree of fluctuations during the said period. Growth rate of share holders fund has increased from 3.1 in 2005 to a peak of 24.6 in 2006 and declined to 12.8 in the next immediate year and risen to 17.5 in 2010. Operating profit ratio is subjected to a high degree of volatility. Liquid assets to liabilities ratio is comfortably well despite the presence of volatility. Net earning ratio shows the efficiency of the GIC in India as it has shown a positive note except in the year 2008. Return on net worth ratio has shown an impressive record except in the year 2008. Gross NPA ratio has been brought down from 5.87 in the year 2005 to 3.61 in the year 2010 but the same does not hold good in case of Net NPAs.
The GIC has made 47.24 percent of its investments in the companies and instruments which have got AAA rating which is the symbol of the highest safety and returns followed by 29.59 percent of investment in institutions and instruments with AA or better rating. Thus, 76.83 percent of investment of the GIC has been invested in a very safe and secured coupled with handsome returns. Thus, it can be understood that the risk management by the GIC is considered to be fairly good. The GIC has placed 37.5 percent of its investments with the central government which is the replica of the highest safety and trust followed by 22.96 percent of investment in institutions and instruments of the state governments. It is further observed that the GIC has placed 39.54 percent of its investments in corporate sector, a symbol of efficiency. Thus, 60.46 percent of investment of the GIC has been invested in a very safe and secured coupled with handsome returns of both central and state governments. Thus, it can be understood that the risk management by the GIC is considered to be fairly good.

For both all public and private sector general insurance players, motor insurance is the predominant source of business except the miscellaneous insurance business for National assurance company Ltd.

Majority of the insurance players have faced the problems like
- Poor consumer loyalty.
- Legal problems.
- Inadequate staff problems.
- Too many players for the given size of the cake problem.
- Lack of professional approach among the consumers.

The relationship between ownership of the general insurance companies and their perceptions about the problems that they have encountered is found to be statistically dependent.

Majority of the respondents have preferred public sector general insurance companies for their insuring their products. The relationship between age of the business, ownership, size, category and location of the consumers on the one hand and their preference for public sector insurance companies as well as private sector insurance companies on the other is found to be statistically independent.
➤ Majority of the consumers of the general insurance companies in Kurnool have shifted their loyalties from one general insurance company to the other companies.

➤ The relationship between location, category of the business, Size of the concern, ownership, age of the business on the one hand and their perceptions of various determinants for shifting insurance policy from one company to the other companies or not renewing the relationship with the existing company on the other is found to be statistically independent.

➤ Thus, it is specifically observed that

   a) The first hypothesis “The investments made by GIC in India are safe and secured” is accepted.

   b) The second hypothesis “The relationship between category of the business and the choice of insurance company is assumed to be statistically independent” is accepted.

   c) The third hypothesis “The relationship between location of the respondents and the determinants of shifting loyalty is assumed to be statistically independent” is accepted.
SUGGESTIONS

As realized the role of general insurance in dynamic economic development in the form of providing risk coverage and augmenting the level of capital formation, it is felt that due attention should be given to this sector in order to accelerate its growth, coupled with equity and accessibility. Hence, the following suggestions are made to strengthen the function of general insurance at grass root levels. They include:

1. GIC should encourage more and more private players in general insurance.
2. The cover of the general insurance must be enlarged so as to cover the yet uncovered activities of the economy.
3. The GIC should ensure and promote the element of inclusive growth while accessing insurance to the poor.
4. The principle of cost effectiveness of general insurance operations must be maintained so as to improve and reach of the people of all economic strata.
5. General insurance business should aim at women empowerment which will be made possible by involving women self help groups in maintaining and continuing relationship with the customers in rural and semi urban areas.
6. The staff of the general insurance must be provided with enriched capacity building programs which are tailor made to activity specific insurance business.