CHAPTER - 5

SUMMARY OF FINDINGS AND CONCLUSIONS
Summary of findings and conclusions of the present study are given blow.

1. It is found that majority of the sample small scale units invested in fixed assets ranging from Rs 25 lakhs to Rs 40 lakhs and most of the sample SSI units' annual turnover is found to be up to Rs 40 Lakhs and then it is followed by those investing between the ranges of Rs 40 lakhs to 60 lakhs.

2. It is observed that most of the small scale units are proprietorship form of organizations.

3. Fire is the major problem faced by most of the sample small scale units.

4. It is identified that only 15.79% of the sample small scale units are affected from unexpected loss during the last five years.

5. It is found that there are more than 1/3 rd of the sample respondents are not aware of the general insurance products and shows the need of the insurance companies to take some initiatives to improve the awareness on general insurance.

6. The opinions of the sample respondents on their awareness of public limited general insurance companies' products revealed that they are more aware of the New India insurance company's products and it is followed by United India Insurance company's products. With regard to the awareness of private limited General insurance companies' products it is revealed that the respondents are more aware of the Reliance insurance products and it is followed by Bajaj Alianze and IFFCO-TOKIO insurance products.
7. Among the various sources of information on general insurance, Agents, are found to be the major source. Next in importance are financial institutions and internet through which the general insurance companies are known to the respondents.

8. Most of the sample small scale units' major sources of finance for their firms are Bank loans. It is found that the association between the source of finance and purchase of insurance products is significant.

9. There is significant association between the sources of finance and awareness of general insurance products. Majority of the respondents' sources of finance are bank loans. It is clear that banks are playing an important role in creating awareness of general insurance among the small scale units to which they sanction the loans. The ownership form of organization is also found to be significant in terms of awareness of general insurance products.

10. The results revealed that out of a total of 304 sample respondents, 186 respondents are aware of the general insurance products of which 166 sample units purchased general insurance. Among those 70.5% prefer to purchase from public sector insurance companies.

11. The association between the awareness of general insurance and general insurance purchase is found significant. A significant relationship exists between the purchase of general insurance products and awareness of general insurance products.

12. It is found that out of 166 sample respondents who purchased general insurance products, 39 percent are fully aware of that insurance product, 69 percent are somewhat aware and there is no single person who is not aware of the insurance product he have purchased. It indicates that majority of the respondents are not fully aware of the insured product.

13. Majority of the sample small scale units (59.5%) are getting finance through Bank loans and purchasing general insurance products. It is also found that there is
significant association between the purchase of general insurance product and source of finance to the sample small scale units. The association between the purchase of general insurance product and forms of organization is also found to be significant.

14. The analysis also reveals that the units have given more importance to insuring their own property like buildings, Plant & Machineries, stock and, there by, cover the risk of loss if any and be safe by getting the compensation from the insurance companies. And another reason for insuring their property is that the financial institutions like banks are making it as an obligation for the units to get their property insured. Such mandatory obligation is not found in the case of human resources employed.

15. Among the various categories / different types of general insurance products majority of the small scale units are purchasing the Fire insurance products and it is followed by Health insurance and then, miscellaneous insurance products. The association between the preference of insurance sector and most useful insurance products is found significant.

16. The respondents expressed opinions on the factors influencing the purchase decision and gave the first ranking to “pre-requisite to get loan” (65.66%). The next ranking is given to “financial security” (21.7%) and it is followed by “utilization of government subsidiaries” (7.23 %), and then “protect employees” (5.42%). It shows that the factor that has the least impact on purchase decisions is “protect employees” and it implies that the entrepreneurs showed much interest in protecting their physical firm than the employees of the organization.

17. Premium, Coverage of risk, Quality of service, flexibility and feasibility are chosen as product factors for the study and how these factors influence the selection of general insurance products to be purchased the sample small scale industries is examined. Majority of the respondents are opined that all these factors are playing an important role in influencing the selection of general insurance products to be purchased. But ‘coverage of risk’ and ‘premium’ are found as major influencing factors.
It is also observed that as far as the influence of product factors on purchase of 
selection of general insurance products is concerned the respondents gave ranking 
based on the importance they gave. The 1	extsuperscript{st} rank was given to Coverage of risk factor 
and then 2	extsuperscript{nd} rank to Premium. Quality of service factor was given 3	extsuperscript{rd} rank, Flexibility 
of product factor, 4	extsuperscript{th} rank and 5	extsuperscript{th} rank was given to feasibility factor.

17. Company and Agents are chosen as non-product factors for the study and it is analyzed 
that ‘Agents’ are playing a more important role than the ‘Insurance Company’ in 
influencing small scale industries for selecting general insurance products to be 
purchase.

18. Selecting one particular product among the vide variety of the insurance products to 
purchase for a business unit is more complex than for an individual. Majority of the 
Small scale units are taking into consideration the Agents opinion on selection of the 
insurance product.

19. Majority of the respondents some what satisfied with the way the customer’s problems 
are solved by the insurance company and it is significantly associated with the 
preference of insurance sector.

20. Majority of the respondents are some what dissatisfied with the insurance awareness 
initiatives taken by the insurers. The satisfaction with insurance awareness initiatives is 
significantly associated with the preference in insurance sector.

21. The satisfaction with regard to the response to the customer’s queries shows that 
majority of them are somewhat dissatisfied and it is not significantly associated with 
the customers’ preference of insurance sector.

22. Banks are taking care of paying the premiums for most of the sample small scale units 
and it is also found that the association between the customer preference of insurance 
sector and through whom the insurance premium is paid on behalf of the customer is
not significant. Customers Preference of insurance sector while purchasing insurance is not influenced by the one who takes care of paying the premium for their firm.

23. Most of the respondents (89.2%) are willing to renew the same insurance product for the next year also. It is found that the association between the preference of insurance sector and willingness to purchase insurance from the same insurers from whom they purchased earlier is significant.

24. The association between the product factors (Coverage of risk, quality of service, feasibility, premium, flexibility) is tested with the preference of insurance sector. Coverage of risk, quality of service, feasibility factors are found significant with regard to the preference of insurance sector. Whereas premium and flexibility factors found not significant.

25. Among the respondents who purchased General insurance products, 59 % of them expressed that they faced some difficulties while purchasing insurance product. 25.3 % of them cited lack of awareness and 13.9 % of them cited difficulty in understanding the policy due to the complexity of insurance language and wide number of policies as reasons. The association between the difficulties while purchasing and the preference of insurance sector is found significant.

26. Majority of the respondents are some what dissatisfied with the risk coverage of the insurance products and it is significantly associated with the preference of insurance sector.

27. The respondents’ are found to be some what dissatisfied with Quality of service of the general insurance product. It is significantly associated with the preference of insurance sector.

28. Most of the sample respondents are feeling some what satisfied with solutions to problems suggested by the insurers. And there is significant relationship between the
solution suggested by the insurers and the preference of insurance sector. So the satisfaction levels on problem solutions are not independent of the preference of insurance sector.

29. There are 138 sample SSI units that did not purchase the general insurance products for their firm. Of these, most of the respondents (85.5%) are not aware of the general insurance products and how far it could be useful for their firm. The remaining respondents said they have no desire to purchase general insurance products for their firm as they considered them as unnecessary expense, not interesting, claim settlement process is lengthy and are dissatisfied with the insurance product. It shows how important it is for the insurers to take initiatives to create insurance awareness.

30. The variance between the customers' observed satisfaction (coverage of risk, quality of service, awareness initiatives, customers' queries, and problem solution) and among the various groups who invested capital in fixed assets, Annual turnover, form of organization, preferences of insurance sector, and also willingness to continue with the same insurance are analyzed using ANOVA and t-test.

It is found that there is no significant difference between capital invested in fixed assets and the customers satisfaction. The capital invested on fixed assets has an impact on the insurance satisfaction among the sample small scale units. Capital invested on fixed assets range between Rs 1.5 cr to Rs. 2 cr are highly satisfied than the other sample units.

The customer satisfaction is higher among the small scale units' with an annual turnover ranging between Rs. 15 Lakhs to Rs. 30 Lakhs and also it is found that there is no significant difference between the observed satisfaction and different annual turnover groups of sample SSI units. The Annual turnover has an impact on the insurance satisfaction among the sample small scale units.

The respondents are more satisfied with insurance products of the company form of organizations the other form of organizations. It is also found that there is no significant
difference between the forms of organization and customers' satisfaction. The form of organization has an impact on the level of satisfaction of the sample small scale units.

t-value for the set of the sample small scale sector shows that there is no significant difference in the observed satisfaction and the respondents' preference for an insurance sector. It also identified that the respondents who preferred public sector insurance are more satisfied than the respondents who purchased general insurance products from private sector insurers.

There is significant difference in the observed satisfaction and willingness of respondents to continue with the same insurers. Overall satisfaction among the respondents is influencing future willingness to purchase from the same insurance company.

Suggestions

Most of the sample small scale units are not affected by any unexpected loss during the last 5 years but still they are insuring their firms. Insurance companies to retain such customers, need to come up with some innovative strategies to motivate the existing customers (and the customers that who are purchasing for more number of years) by giving reduction on premium payment (or) reimbursement of some percentage of premium (or) giving additional risk coverage, provided the insurers also see that the customers are aware of such benefits or motives that they can avail of from the insurance company.

About 59 % of the respondents expressed difficulty while purchasing insurance. Among them Majority of the respondents opined that it is 'lack of awareness' and then it is followed by 'complexity of language in understanding insurance'. Hence insurers need to give much importance to use simple language and a similar sequence of presentation in all related documents, prospectus; standard clauses across policies and avoiding lengthy documentation to help the customer understand easily. And the terms
which have a technical meaning should be defined and their meaning made clear so that customers are able to understand without any confusion and difficulty and without taking some other persons’ help to understanding it.

General insurance companies should conduct some insurance awareness campaigns or seminars once or twice in a year for SSI units. It can also be organized through the support of Banks, Financial institutions and also district industries centers. Major sources of finance and insurance information for the most of the sample small scale units are Banks and Financial institutions. So their customers would be more loyal to their banks and financial institutions. Hence the banks and financial institutions should also see that their customers (SSI’s) attend the insurance awareness seminars conducted by the insurance companies. Insurance can be through banks and financial institutions as they are making it an obligation to get loan, but it will not lead to customer awareness of general insurance products. Getting more number of customers is more important than concentrating only on premium volume of the industry. So banks and financial institutions need to stimulate their commercial customers (SSIs proprietors) to attend the seminars / campaigns and get togethers. And this is the place that the insurers can use to create customer insurance awareness on various insurance products.

The insurers can also motivate the SSIs to purchase the general insurance by explaining the various benefits and by using innovative marketing strategies. The insurers can also collect the data regarding the customers’ satisfaction with regard to the general insurance products and their suggestions directly from the customers, which helps the insurers know the pulse of the customers so as to design innovative general insurance products that could be highly acceptable and useful for SSI units.

As most of the small scale industries are proprietorship form of organizations, the general insurers are needed to target the proprietorship form of SSI units to create awareness of their general insurance products. Being the owner of the enterprise, the proprietor is one who enjoys all the profits earned and also bears all losses incurred by the enterprise. So the risk on profit is very high for the proprietors. Hence, it is
necessary for the proprietors to acquire knowledge of the general insurance to manage
the risk in their small scale units. And because they are sole proprietors, it is their wish
to take a decision in a short span of time. So it is some what better and easy to the
insurers to educate on insurance, motivate and influence the insurance purchase
decision of the proprietors. So the general insurers need to target proprietorship form of
SSI units in the small scale sector.

Banks are the major source for the small scale units and the next one is financial
institutions. Hence, they are the right persons to educate the small scale units’
proprietors about the general insurance companies and their products to make use of by
the maximum number of ssi units. The proprietor might have trust in the banks and the
financial institutions because they are the ones that give financial assistance to the SSI
units to run their business.

Insurance companies should take initiatives to send information on their new insurance
policies to the existing customers and old customers through mails, emails, telephones
and through Banks, financial institutions and other insurance intermediaries. This could
result in the spread of insurance awareness.

Advertising in print media, internet, television and radio should also be effectively done
to create general insurance awareness among the public and to get new customers for
the insurance company.

It is suggested that the insurance companies should also see that the financial
institutions and banks suggest to the small scale units to insure not only the property but
also the employees of the small scale unit.
Scope for future research

The present study is a drop in the ocean. More studies on general insurance have been undertaken abroad than in India. The present study gives an idea about the general insurance awareness and factors influencing the purchase decision of small scale sector in Chittoor district of Andhra Pradesh only. Such research will throw light on the progress of insurance industry. However, in future, similar study region-wise (district wise, state wise) or as a comparative study focusing on select general insurance products can be done on the small scale sector.