INSIGHT OF POLICY HOLDERS ON INSURANCE SCHEMES

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ABSTRACT

Insurance is a means of protection from financial loss. It is a form of risk management, primarily used to hedge against the risk of a contingent or uncertain loss. In this study, researcher studied the perception of policy holders on insurance schemes in Tuticorin District and to study the causes for choosing insurance schemes than   alternative Investments. The researcher used statistical tools like Percentage Analysis, Weighted Arithmetic Mean, Chi-square test and   Anova. It is found that causes for choosing insurance policy than investments and deposits like Easy to pay premium, Less charges and Convenient policy term.

Key Words: Perception, Insurance Schemes, Investment

INTRODUCTION

Insurance is a means of protection from financial loss. It is a form of risk management, primarily used to hedge against the risk of a contingent or uncertain loss. An entity which provides insurance is known as an insurer, insurance company, insurance carrier or underwriter. A person or entity who buys insurance is known as an insured or as a policyholder. The insurance transaction involves the insured assuming a guaranteed and known relatively small loss in the form of payment to the insurer in exchange for the insurer's promise to compensate the insured in the event of a covered loss. The loss may or may not be financial, but it must be reducible to financial terms, and usually involves something in which the insured has an insurable interest established by ownership, possession, or pre-existing relationship.

OBJECTIVES OF THE STUDY

- ➢ To study the perception of policy holders on insurance schemes in Tuticorin District.
- ➢ To study the causes for choosing insurance schemes than   alternative Investments.

RESEARCH METHODOLOGY

Non-Probability sampling type is selected for this study. The type of sampling used is Convenience Sampling. Prepared structured questionnaire used for data collection. The statistical used for analysis of collected data are Percentage Analysis, Weighted Arithmetic Mean, Chi-square test and Anova

REVIEW OF LITERATURE

J.D. Chandrapal (March 2019) in his report on **"Impact of liberalisation on Indian life insurance industry: A truly multivariate approach"** examined the impact of liberalisation on the Indian life insurance industry in terms of efficiency characterised by overall functional performance. It has provided a complete and clear picture of changes that have occurred over the last decade. Three major areas of functional performance designated as Marketing Mix, Service Quality and Insurance Awareness were measured across demographic and psychographic groups. The significant results manifest the positive impact of the liberalisation on the Indian life insurance industry. However, Service Quality and Insurance Awareness were found weaker than Marketing Mix and this is perceived as a challenge. While there was an appreciable growth in the new business, the penetration and density had not increased as expected according to the recommendations of the Malhotra committee. The results showed that while there is a positive impact of liberalisation on the Indian life insurance, there is a great challenge in respect of providing world class service quality and increasing penetration and density.

Iniobong Bassey Inyang, Emem Bassey Inyang and Bassey Ime Frank (February 2019), in their study on **"Impairments Analytics of Consumption of Children Education Insurance Policy among Households in Agrarian and Non-Agrarian Areas of Akwa Ibom State"** their study were designed to assess the dimension of the poor consumption of Education insurance policy among households in Uyo capital city of Akwa Ibom State, Nigeria. The Socio-economic profiling of the PCCEIP of respondents were assessed, the incidence index of perceived poor consumption of CEIP was estimated and the relative rank positioning of the perceived poor consumption of CEIP were mapped. A sample size of 72 respondents were used in the survey. The study relied on primary data and was collected through a set of validated scales. Data collected were subjected to descriptive statistical tools including incidence and composite index analyses. The study revealed that majority of the respondents were not aware of the existence and benefits of education insurance policies. It also revealed prominent dimensions of the incidences of the poor consumption of Education insurance policy in the state and country at large. In view of these it was recommended that awareness programme should be structured by insurance firms to the understanding of parents on how insurance operates, especially Education insurance, to

dispel the fear of non-payment of benefits or claims. Also, current payment of such benefits should be published and the product (education insurance) should be designed to accommodate various income strata of the society.

Dr. Ruchi Jain (September 2018), in her study focussed on **"Customer Satisfaction towards Services of Life Insurance Corporation (LIC) With Special Reference to Jaipur City".** The objectives of her study were to identify the factors affecting customer satisfaction in life insurance sector, to evaluate the reason stated by the policyholders for the purchase of life insurance policy, to measure life insurance customer's level of satisfaction towards services offered by the insurer and to study the consumer's perception about the after sales service of LIC. In order to justify the objectives constructed, she framed H0:There is no significant difference between demographic factor in customers level of satisfaction towards services rendered by the Life Insurance Company and H1:There is a significant difference between demographic factor in customers level of satisfaction towards services rendered by the Life Insurance Company . She collected data from 156 respondents by using simple random sampling. It disclosed that almost all of the respondents are conscious of Life insurance Corporation of India. Nearly 60.24 per cent of the respondents have purchased life policies on their voluntary interest as they need a sense of insecurity. Moreover, it absolutely was discovered that 65.74 per cent respondents are opined that they repleased with being a policy holder in LIC. 34.26 per cent of sample subjects have same that as they're not happy with this insurance service supplier, in order that they can shift them in future.

Dr. S. Kalavathi and Mrs. V. Regha (August 2018), in their study on **"Policy Holder's Satisfaction towards Life Insurance Corporation of India (LIC) with Special Reference to Coimbatore City".** The researchers analysed the satisfaction of the policy holders. The study intended to analyses the policy holder's satisfaction towards LIC policies in Coimbatore city. The study uses only primary data for the purpose of collection of data questionnaire have been prepared and collected from the policy holders. Adequate care has been exercise to collect unbiased data from the respondents. 200 questionnaires were collected from the policy holders for the purpose of the study. The researcher is applied the statistical tools such as Percentage, Standard Deviation, Kendall's Coefficient Concordance, t-Test, ANOVA and Chi-square test. It is concluded that the policy holders perception in view of the entry of private company towards Life insurance business is only favour LIC and not in favour of private insurance companies in view of advantage that it is public sector organization. Today maximum number of people have the knowledge of insurance and its benefits as a results the urban population got more attention and it let to good insurance.

Dr. R. Padmaja and Shifaly (March 2018), in their report on **"Investors Perception towards LIC (With Special Reference to LIC, Machilipatnam"**. The present exploratory and descriptive based study was selected with an objective to identify the perception of ivvestors towards Life Insurance Corporation of India while their investment decision-making. Various insurance related factors have been discussed in the paper. The data for the study has been collected from both primary and secondary sources. The study area is limited only to Machilipatnam and sample size is 76 policyholders of LIC. Researcher has taken based on demographic and

insurance based preference factors and tested them with the help of percentages method. The analysed data has been presented in the form of different graphs and pie-charts. They concluded that individual investors see the attributes and parameters in a priority list for buying any life insurance policy and the most influential factor is Service benefits which include prompt services, security and safety and extra added benefits. The investors are having positive perception towards LIC policies and even they are willing to take another policy for investment.

Dr. Krishna Banana and R.Vijaya Naik (January 2018) in their study on **"Customer Perception on Life Insurance Policies in India (with reference to Prakasam district in Andhra Pradesh)"** explained the Customer perception on life insurance policies with reference to Prakasam district in Andhra Pradesh. The study observed the changing efficiency levels of the claim management in view of the changing scenario of insurance sector. The objectives of the study were to examine the Growth and Development of LIC in India and to study on attempt to Customer perception on life insurance policies. The results found that LIC's Gross Investments during 12th Five Year Plan Periods (2012-2017) 10, 86,720 (Rs.in croc). Under Scheme of PMJDY, there is also a benefit of Accident Insurance Cover of `1 lac, provided by Government through General Insurance Companies. Under Scheme of PMJJBY Premium per member is ` 330/- for the year 2015-16 which is reviewable annually. Benefit available is ` 2 lakhs life insurance cover on member's death due to any reason, payable to nominee. Satisfaction level towards services offered by LIC was satisfactory. The results showed that customer satisfaction has become an important aspect to retain the customers, not only to grow but also to serve. Increased competition, wide range of product offerings and multiple distribution channels cause companies to value satisfied and highly profitable customers. Customer service is the critical success factor in a company and providing top notch customer service differentiates great customer service from indifferent customer service.

DATA ANALYSIS AND INTERPRETATION

PERCENTAGE ANALYSIS

DEMOGRAPHIC PROFILE OF THE RESPONDENTS

TABLE 1.1

Table shows the Demographic Profile of the Respondents

S.No.	Demographic Variables		No. of Respondents	Percentage
1	Gender	Male	69	54.8
		Female	57	45.2
		Total	**126**	**100**
2	Age	15 - 25	22	17.5
		26 - 35	17	13.5
		36 - 45	30	23.8
		46 - 55	44	34.9
		Above 55	13	10.3
		Total	**126**	**100**
3	Educational Qualification	Illiterate	14	11.1
		SSLC	31	24.6
		HSC	6	4.8
		Diploma	9	7.1
		UG	45	35.7
		PG	21	16.7
		Total	**126**	**100**
		Employee	49	39

4	Occupation	Business & Professionals	46	36.5
		Agriculturist	11	8.7
		Others	20	15.8
		Total	**126**	**100**
5	Marital Status	Married	98	77.8
		Unmarried	28	22.2
		Total	**126**	**100**
6	Monthly Income	Up to Rs.15000	77	61.1
		Rs.15001 – Rs.30000	37	29.4
		Rs.30001 – Rs.45000	3	2.4
		Rs.45001 – Rs.60000	6	4.8
		Above Rs.60001	3	2.4
		Total	**126**	**100**
7	Family Size	Two	5	4.0
		Three	19	15.1
		Four	49	38.9
		More than Four	53	42.1
		Total	**126**	**100**

PREFERRED SECTOR TO ACQUIRE INSURANCE POLICY

TABLE 1.2

Table shows the Preferred Sector to Acquire Insurance Policy

S.No.	Preferred Sector	No. of Respondents	Percentage
1.	Public	99	78.6
2.	Private	27	21.4
Total		**126**	**100**

1.3 NUMBER OF INSURANCE POLICIES

TABLE 1.3

Table shows the respondents having number of insurance policies

S.No.	No. of Insurance Policies	No. of Respondents	Percentage
1.	One	66	52.4
2.	Two	34	27.0
3.	Three	12	9.5
4.	Four	9	7.1
5.	More than Four	5	4
	Total	**126**	**100**

1.4 REASONS FOR TAKING INSURANCE POLICY

TABLE 1.4
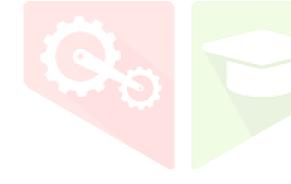
Table shows the Reasons for taking insurance policy

S.No.	Type of Insurance Policies	No. of Respondents	Percentage
1.	Savings	50	39.7
2.	Tax benefits	15	11.9
3.	Risk to life	23	18.3
4.	Security to family	34	27
5.	Other	4	3.2
	Total	**126**	**100**

1.5 RANKING OF ALTERNATIVE INVESTMENTS PLAN

TABLE 1.5

Table shows the Ranking of Alternative Investments Plan

S.No.	Alternative Investments Plan	Mean	Rank
1.	Shares & Debentures	2.40	VIII
2.	Mutual Fund	3.13	VII
3.	Land	4.06	V
4.	Public Provident Fund	3.51	VI
5.	Post Office	5.41	IV
6.	Insurance	5.93	II
7.	Bank Deposit	6.02	I
8.	Gold & Silver	5.55	III

1.6 CAUSES FOR CHOOSING INSURANCE POLICY THAN INVESTMENTS AND DEPOSITS

TABLE 1.6

Table Shows the Causes for Choosing Insurance Policy than Investments and Deposits

S.No.	Reason	Mean	Remark	Rank
1.	Easy to pay premium.	4.10	Agree	I
2.	Less charges.	3.61	Agree	III
3.	Convenient policy term.	3.39	Neutral	VII
4.	Quick Grievances handling System.	3.20	Neutral	VIII
5.	Extra Bonus and Additional Interest	3.46	Neutral	VI
6.	High Security	3.75	Agree	II
7.	Benefits to the dependents	2.29	Disagree	IX
8.	Pre & Post Services	3.49	Neutral	V
9.	Easy Accessibility	3.60	Agree	IV

1.7 RELATIONSHIP BETWEEN GENDER AND PREFERRED SECTOR TO ACQUIRE INSURANCE POLICY

The chi-square test has been used to analyse the relationship between the gender of the respondents and preferred sector to acquire insurance policy by the respondents.

H0: There is no significant relationship between the gender of the respondents and preferred sector to acquire insurance policy by the respondents.

H1: There is a significant relationship between the gender of the respondents and preferred sector to acquire insurance policy by the respondents.

Table 1.7

Preferred sector to acquire insurance policy & Gender

Cross tabulation

Count

		Gender		Total
		Male	Female	
Preferred sector to acquire insurance policy	**Public**	52	47	99
	Private	17	10	27
Total		69	57	126

Table 1.8

Result of Chi-Square Test

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.933[a]	1	.334
Continuity Correction[b]	.559	1	.455
Likelihood Ratio	.944	1	.331
Fisher's Exact Test			
Linear-by-Linear Association	.926	1	.336
N of Valid Cases	126		

a.   0 cells (0.0%) have expected count less than 5. The minimum expected count is 12.21

b.   Computed only for a 2 x 2 table

p value = 0.334

Chi-square value= 0.933

p value > Significant value (0.334 > 0.05). Accept H0.

DIFFERENCE BETWEEN INFLUENCING FACTORS AND CAUSES FOR CHOOSING INSURANCE POLICY THAN INVESTMENTS AND DEPOSITS

Anova test has been used to measure the difference between influencing factors and causes for choosing insurance policy than investments and deposits.

H0: There is no significant difference between influencing factors and causes for choosing insurance policy than investments and deposits.

H1: There is a significant difference between influencing factors and causes for choosing insurance policy than investments and deposits.

Table 1.9

Results of Anova to determine the difference between influencing factors and causes for choosing insurance policy than investments and deposits.

S.No.	Reasons	'F' Value	Significant Value	Results
1.	Easy to pay premium	1.445	.213	No Significant
2.	Less charges	.370	.868	No Significant
3.	Convenient policy term	.464	.802	No Significant
4.	Quick Grievances handling System	.434	.824	No Significant
5.	Extra Bonus and Additional Interest	.984	.430	No Significant
6.	High Security	.704	.621	No Significant
7.	Benefits to the dependents	1.175	.325	No Significant
8.	Pre & Post Services	1.080	.375	No Significant
9.	Easy Accessibility	2.308	.048	Significant

Level of Significant at 0.05%

FINDINGS

PERCENTAGE ANALYSIS:

➢ The present study has 54.8% of male respondents.

➢ (34.9%) of the respondents are from the age group of 46 – 55 years.

➢ 35.7% of the respondents are completed their under graduation.

➢ 39% respondents are employees.

➢ 77.8% of respondents are married.

➢ 61.1% of respondents are earning the monthly income Up to Rs.15000.

- ➢ 42.1% of the respondents have more than 4 members in their family.
- ➢ 78.6% of the respondents preferred public sector to acquire insurance policy.
- ➢ 97 respondents have insured in Life Insurance Corporation.
- ➢ 65.9% of the respondents are influenced by insurance agents to buy the insurance policies.
- ➢ 52.4% of the respondents having only one insurance policy.
- ➢ 51 respondents are having life insurance.
- ➢ 39.7% of the respondents taking insurance policy for savings purpose.
- ➢ 38.1% of the respondents preferred single premium insurance policy plan.
- ➢ 26. 2% of the respondents are comfortable with 6 to 10 years duration for insurance policy.

POLICY HOLDERS' PERCEPTIONS TOWARDS ALTERNATIVE INVESTMENT PLAN

Policy holders' perceptions towards alternative investment plan are ranked with the help of Weighted Arithmetic Mean. Bank Deposit is ranked first among various alternative investments plan, followed by Insurance, Gold & Silver, Post Office, Land, Public Provident Fund, Mutual Fund and Shares & Debentures are ranked consecutively.

CAUSES FOR CHOOSING INSURANCE POLICY THAN INVESTMENTS AND DEPOSITS

Easy to pay premium is ranked first among causes for choosing insurance policy than investments and deposits, followed by High Security, Less charges, Easy Accessibility, Pre & Post Services, Extra Bonus and Additional Interest, Convenient policy term, Quick Grievances handling System, and Benefits to the dependents are ranked consecutively.

CHI-SQUARE TEST

P value > Significant value (0.334 > 0.05). Accept H0. There is no significant relationship between the gender of the respondents and preferred sector to acquire insurance policy by the respondents.

ANOVA TEST

DIFFERENCE BETWEEN INFLUENCING FACTORS AND CAUSES FOR CHOOSING INSURANCE POLICY THAN INVESTMENTS AND DEPOSITS

- ➢ It shows that the variables of causes for choosing insurance policy than investments and deposits like Easy to pay premium, Less charges, Convenient policy term, Quick Grievances handling System, Extra Bonus and Additional Interest, High Security, Benefits to the dependents and Pre & Post Services show

no significant difference among the factors influencing the respondents to buy the insurance policies. Since the calculated significant value is greater than actual significant ($p > 0.05$).

➢ The variable of causes for choosing insurance policy than investments and deposits like easy accessibility shows significant difference among the factors influencing the respondents to buy the insurance policies. Since the calculated significant value is lesser than actual significant ($p < 0.05$).

SUGGESTIONS

➢ Give more advertisements about the insurance companies and its policies and schemes to persuade individuals to purchase insurance.

➢ Companies can create a positive perception about insurance and speak about good features a plan offers like More Schemes, Liquidity, Capital Growth and Tax Benefit and convenient policy term to the prospecting customers;

➢ Insurance Companies should provide adequate training to staff of the insurance company for Quick Grievances handling System.

CONCLUSION

From the study, it is observed that insurance industry is highly competitive one. In the market, insurance is one of the developing sectors; many private companies are entering into this sector for earning profit as well as to provide new services to customers. But respondents preferred public sector. From the public sector, Life insurance Corporation plays an incredible role to satisfy the needs of the policy holders. It is found that causes for choosing insurance policy than investments and deposits like Easy to pay premium, Less charges and Convenient policy term.