

A STUDY OF POLICYHOLDERS SATISFACTION TOWARDS VEHICLE INSURANCE

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Abstract:

Vehicle insurance is essential for the human to protect them against negative issues. The study aims to identify the satisfaction of the policyholders towards vehicle insurance in Tirupur District. The study was based on questionnaire with a sample of respondents of 100 respondents in Tirupur District. The collected primary data were analyzed using simple percentage analysis, chi-square test and Friedman's ranking test. The study concludes that that table value at five percent level there exists significant association between gender, educational Qualification and type of vehicle.

Key Words: *Vehicle, Insurance, Accident, Damage, Motor, Policyholders, Satisfaction, Car, Human beings, etc.*

Introduction:

The term insurance was born at Lloyd's Cafeteria House in England. Most of the traders gathered in Lloyd's Coffee house and agreed to share the losses suffered by an individual. It started with marine insurance, where the losses on account of perils of the sea like piracy, sinking or damage to cargo were shared by all who were engaged in sea trade.

Insurance is an age old concept. Reference to some form of insurance is found in the codes of Hammurabi Manu (Manav Dharma Shastra). The word 'Yogakshema' is used in the Rig Veda suggesting that some form of community insurance was

practiced by the Aryans in India over 3000 years ago. In India during Buddhist period, burial societies listed which were mutual in their character and used to help a family by building a house, protecting the widow, marrying the girls.

VEHICLE INSURANCE :

Vehicle Insurance is a fascinating branch of insurance had its beginning in the United Nation in the early part of this century. The first motor car was introduced in to England in 1894. The first Vehicle Policy was introduced in 1895 to cover third party liabilities. By 1899, an accidental damage to the car was added to the policy, thus introducing the “Comprehensive” policy along the lines of policy issued to day.

In India Motor Vehicle Act was passed in 1939 introducing the law relating to compulsory third party insurance. The Vehicle Vehicles Act 1988, has become effect from 1st July 1989.

The minimum requirement by law is to provide insurance in respect of legal liability to pay damages arising out of injury caused to any person, unlimited in amount and several countries, laws also provide fro damage to property of other people subject to certain limits and exception.

CLASSIFICATION OF VEHICLES:-

This is one more important and popular non life insurance product in India. Every vehicle purchased shall be insured for various risks. Vehicle Insurance accounts for a major portion of the miscellaneous premium income of insurance companies. For the purpose of insurance, vehicles are classified as under

1. Private Cars

2. Vehicle Cycles
3. Commercial Vehicles

Reviews of literature:

Dr. Rajesh C. Jampala (2005) in his article entitled “Insurance Sector: Emerging Distribution Channel” revealed that India is a vastly under – insured country in the world. This indicates that there is a vast untapped market particularly for insurance products. To tap this rich market potential, private insurers are concentrating on product innovation, managing investment, customer service, expense control and in particular distribution channels. In fact, multi channel distribution and marketing of insurance products have been the strategy of new players in the Indian Insurance Market. The various distribution channels in the insurance sector are direct marketing Channels, agents, brokers, third parties, corporate agents, Banc assurance and Internet.

Dr. M.Rajkumari (2007) has carried out a study entitled “Customer’s Reference towards Insurance services and Bancassurance” stressed the need for identification of customer’s attitude towards purchase of insurance products and also their knowledge on the banc assurance formats available through banks. The common life policy that was known by the majority of the people were money back and pension plan. In non life, majority of them are aware on motor insurance as it is mandatory that every vehicle owner should have taken the motor insurance. The study concludes that there is a low level of awareness about banc assurance among bank customers.

Mr.Sulton, Kenneth (2008) in their article entitled “Claim under professional indemnity policy” Stated that An insurer’s claim of misrepresentation and non-disclosure of a potential claim against an accounting firm and denied in Hendry Rae V FAI General Insurance Co. The Western Australia Supreme Court held for the insured, stating that

misrepresentation was irrelevant to the insurance policy for professional liability that the firm and with the insurer.

Objectives of the study:

- To study the policy holders satisfaction relating to Vehicle Insurance.
- To offer suggestions to increase level of satisfaction of policyholders towards vehicle insurance.

HYPOTHESIS:

1. There is no significant association between gender and satisfaction.
2. There is no significant association between age and satisfaction.
3. There is no significant association between educational qualification and satisfaction.
4. There is no significant association between monthly income and satisfaction.
5. There is no significant association between type of vehicle and satisfaction.

LIMITATIONS:

- The result of the study is based upon the views expressed by the policyholders of Tirupur District.
- The statistical tools used to analyse the data have their own limitations.
- All the limitations of primary data are applicable to this study.

RESEARCH METHODOLOGY:

Area of the study: The research study was done in Tirupur District.

Nature and source of data: The study is based on questionnaire method; primary data has been collected from various policyholders in Tirupur District and the secondary data have been collected from related journals, websites, magazines and textbooks.

Statistical tools used for the study:

- Simple percentage analysis
- Chi-Square analysis
- Friedman Ranking Test.

Sampling Used: A sample of 100 respondents were collected from Tirupur District. A total of 300 respondents were selected by convenience sampling method.

Analysis and Interpretation:➤ **Simple percentage analysis****Table No. 1: Personal profile of the Policyholders**

Factors	No of policyholders n=100	Percentage
Gender		
Male	60	60
Female	40	40
Age(years)		
Up to 25	34	34
26 to 50	44	44
Above 50	22	22
Educational qualification		
Up to HSC	33	33
UG	43	43
PG	24	24
Monthly Income		
Up to Rs. 10000	48	48
Above Rs.10000	52	52
Type of Family		
Joint Family	68	68
Nuclear family	42	42
Type of Vehicle		
Two Wheeler	45	45
Three Wheeler	22	22
Four Wheeler & Others	33	33
Nature of Vehicle		
Own use Vehicle	75	75
Commercial Vehicle	25	25
Source		

Friends	24	22
Relatives	42	44
Media	20	20
Others	14	14

Table No.1 describes the personal profile of Vehicle Insurance towards policyholders taken for the study. Out of 100 policyholders who were taken for the study: it has been identified that most (60%) of the policyholders are male, (44%) whose age group is under 26 to 50, most (43) of the policyholders are UG degree holders, the monthly income of (52%) policyholders is above Rs.10, 000, (68%) policyholders belong to joint family, (45%) policyholders have two wheelers, (75%) policyholders use their vehicle for own use and (42%) policyholders came to know about vehicle insurance by relatives.

➤ Chi-Square Test

Chi-Square, symbolically written as χ^2 is a non-parametric test, "It can be used to determine if categorical data shows dependency or whether the two classifications are independent it can also be used to make comparison between theoretical population and actual data when categories are used. It is defined as:

$$\chi^2 = E [(O - E)^2 / E].$$

Where O refers to the observed frequencies and E refers to the expected frequencies.

Table No.2 Policyholders Personal Profile And Level Of Satisfaction.

Factors	χ^2 Value	Table value	Remarks
Gender	11.89	5.991	S
Age	3.856	9.488	NS
Educational Qualification	13.56	9.488	S
Monthly Income			

	2.425	5.991	NS
Type of Vehicle	12.622	5.991	S

Table No 2 depicts the relationship between selected demographic variables and It is clear that, the calculated Chi-square value is greater than table value at five percent level there exists significant association between gender, educational Qualification and type of vehicle. Thus the null hypothesis is rejected. The calculated Chi-square value is less than the table value at five percent level, there exists a significant association between age and monthly income. Thus the null hypothesis is accepted.

➤ **Friedman Ranking Test**

TABLE 3
POLICYHOLDERS SATISFACTION – FRIEDMAN RANK TEST

MOTIVATING FACTORS	TOTAL SCORE	RANK
Prompt Service	567	VI
Friendly and Helpful Staff	635	II
Future Security	624	III
Quick Settlement	560	VII
Faith in the Policy	648	I
Compulsion of Agent	582	V
Premium	584	IV

The above table shows about the Friedman Rank Test for farmer's satisfaction were the level of significance is at 0.000 which shows that there is a relationship between the ranks given. It is found from the above table, that faith in the Policy was the first factor which motivated the policyholders to choose vehicle insurance; Friendly and helpful staff was ranked

as the second factor; Future security was ranked as third factor; Premium was ranked as fourth factor; Compulsion of agent was the fifth factor; Prompt service was the sixth factor and Quick settlement scored the seventh position.

TABLE 4
SUGGEST THE VEHICLE INSURANCE

Suggest	Number of respondents	Percentage
Yes	62	62
No	38	38
Total	100	100

As per the above table, out of 100 respondents (62%) respondents suggest the vehicle insurance to their friends & relatives and remaining (38%) respondents do not suggest.

Conclusion:

Insurance has undergone a massive metamorphosis in the recent years. In order to have good market performance for the insurance company, customer awareness about the products, prices and financial strength should be enhanced. The company should design the products, which should satisfy the personal needs of customers with an ample degree of flexibility. The Indian Insurance market is growing more aggressive day to day. Vehicle insurance has to face more competition from private companies, measures should be taken for improving the working of the insurance company so that the better customer satisfaction can be ensured and also the financial performance of the company can also be improved. Though the general working of the Insurance companies are satisfactory there are some areas which deserve more attention. Once the suggestion and findings of the study taken into consideration with a sharper focus on better customer service, improved personnel management and information technology, the Insurance companies can achieve unmatched progress in the coming year.

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