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A STUDY ON AWARENESS OF INSURANCE PRODUCTS

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ABSTRACT

The insurance sector in India is governed by insurance act, 1938, the life insurance corporation act, 1956 & general insurance business act, 1972, insurance regulatory and development authority (IRDA) act 1999 & other related acts. With such a large population and the untapped market potential of this population insurance business happens to be a very big opportunity in India. Today it stands as a business growing at the rate of 15-20 percent annually. Together with banking services, it adds about 7 percent to the country's GDP. In spite of all this growth the statistics show that penetration of the insurance in the country is very poor. Nearly 80% of Indian population are without life insurance cover and the health insurance. This is an indicator that growth potential for the insurance sector is immense in India.

The insurance sector was opened up for private participation four years ago. The private players are active in the liberalized environment. The insurance market have witnessed dynamic changes which includes presence of a fairly large number of insurance both life and non-life segment. Most of the private insurance companies have formed joint venture partnering well recognized foreign players across the globe. There are opportunities in the pensions sector where regulations are being framed. Less than 10% of Indians above the age of 60 only receive pensions. In the health insurance sector tremendous growth potential, and as it matures and new players enter with product innovation and enhancement of coverage. The deepening of the health database overtime will also allow players to develop and price products for larger segment of society. The industry now deals with customers who know what and when they want and are more demanding in terms of better service and speedier responses. With the industry all set to move to a competitive tariff regime by 2007, there will be considerable improvement in customer service level, product innovation and newer standards of underwriting. Intense competition in a competitive environment will manifest itself in prices, products, underwriting criteria and innovate sales methods & credit worthiness. Insurance companies will compete with each other to capture market share through better pricing and client segmentation.

INTRODUCTION

As a part of the economic liberalization and globalization Government is limiting the subsidies and reducing the social expenses. A level playing field is ensured for the private sector which escalates the cost of living in all spheres of life considerably. For the common man insurance coverage is absolutely necessary to meet medical expenses, remedy the losses including those due to natural calamities and also to protect a regular income for the family even after the demise of the earning member. In spite of all the above common men are not interested or reluctant to take insurance cover. In India the average penetration to insurance is about 3.9% against a global average of 6.3%. My

attempt is to find out the reason for such a situation and put forward suggestions for improvement.

OBJECTIVE OF THE STUDY

- ♦ To conduct a study on the awareness of people about various insurance schemes and insurance companies.
- ♦ The share of business of various insurance companies in my locality.
- ♦ To know whether the basic profile of the customers and the amount of annual premium is related.
- ♦ To know the motivational factors or reasons for taking or not taking the insurance policy.

- ◆ To know factors other than financial which influence the people while taking insurance decisions.

METHODOLOGY

The study is conducted among group of people residing in Kozhikode district. The sample size is 200. The methodology adopted was by getting the replies to a uniform questionnaire prepared by me. The questionnaire contained 28 questions to elicit the required information from the participants.

SAMPLING DESIGN

The sampling method used in this study is stratified random sampling. Under this method, all people in the sampling frame are divided into homogenous groups or strata. The process employed in determining the number of items to be drawn from each stratum is disproportionate random sampling. The Kozhikode district is divided into several areas and samples are selected from these areas. Rural, semi-urban, urban are selected from this district.

METHODS OF DATA COLLECTION

This study is based on primary data.

Primary data: Primary data is collected through survey. A questionnaire is used for collecting primary data.

LIMITATION OF THE STUDY

The people who participated in the study may not reveal the correct data to the interviewer for various reasons like lack of knowledge, non cooperation etc. It is tried the level best to explain the details in lucid language and also make it informal to extract accurate information.

TYPES OF INSURANCE PRODUCTS

There are different types of insurance products available for different insurable needs of individuals. An insurance product is needed by an average individual since it provides cover for unforeseen loss that may occur in their life. The following are the types of insurance products anyone should be aware about:

- Auto insurance products--These types of insurance products are offered by an insurance company to provide cover for an individual for vehicle theft or damages as a result of accidents. In this kind of insurance, the insured (policy holder) is requested to pay monthly or quarterly premiums to the insurer in the hope that when his vehicle is damaged or stolen the loss will be compensated. This indemnity can either be the payment of a lump sum agreed at the commencement of the policy or the responsibility to fix the vehicle and take it back to the former condition.
- Health insurance products--These types of insurance products are offered to cover for

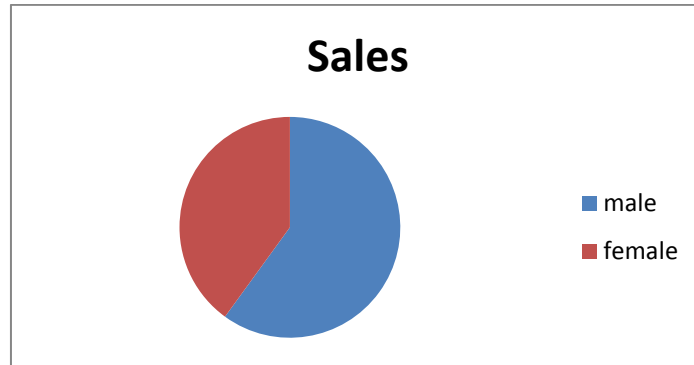
medical bills and other costs related to the treatment of a sick person. Generally, with these types of insurance products the insurer pays periodic payments to the insurance company so that they can take responsibility for any health related expenses that will affect the insured. Health insurance products can be sold to employees in relation to health risk associated with their working conditions. Factory workers and those doing hazardous occupations are always advised to take up health insurance policies. Here, the premium is mostly paid by the employers or deducted from the employees' monthly salary.

- Life Insurance--These types of insurance products have to do with eventualities arising from the death of the policy holder. This is a very important insurance product that everyone needs (most especially the bread winners in the home) as it provides financial security to the family of the deceased. It provides cover for the loss of income following the death of the main earner of such income in the house. This will make the demise of such individual less unbearable since the financial implications, such as payment of bill and other expenses will be taken care of by the insurance company. There are various types of insurance products under this policy, including term life insurance, endowment insurance and whole life insurance.
- Burglary Insurance products--This is one of the most important types of insurance products though not as important as the health and life insurance. Here, the insurance company provides protection against any undue theft incidence either in a home property or an office property. These types of policies normally come with instructions and tip on how to keep the insured building secure and reduce the risk of a burglary incidence.
- ▲ Liability Insurance-- There are different types of insurance products under this category and the type you choose will depend on the kind of business you are doing. There are liability insurance policies for doctors (in terms of negligence), manufacturers, and service industries. This will provide cover for you and your business in case you are found guilty and liable by law to provide compensation to your customers or employees.

SEX WISE CLASSIFICATION

Table 1

Particulars	Frequency	percentage
male	60	60%
Female	40	40%
total	100	100

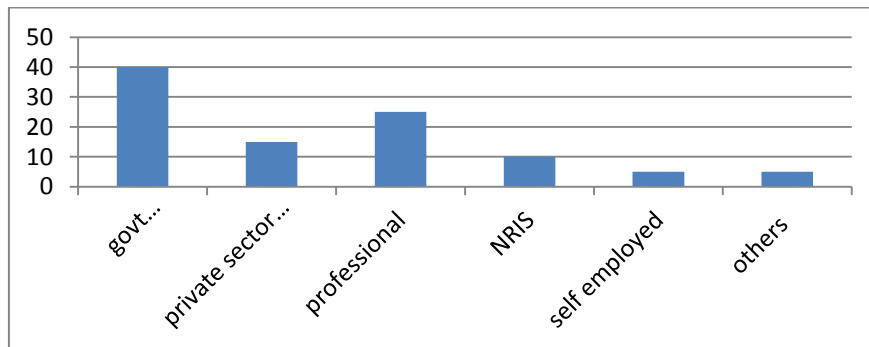


Interpretation-Out of the 100 respondents male population constitute 60% and female comprises 40% respondents.

OCCUPATION WISE CLASSIFICATION

Table 2

particulars	Frequency	Percentage
Government employee	40	40%
Private sector employee	15	15%
Professional	25	25%
NRI's	10	10%
Self employed	5	5%
Others	5	5%
Total	100	100

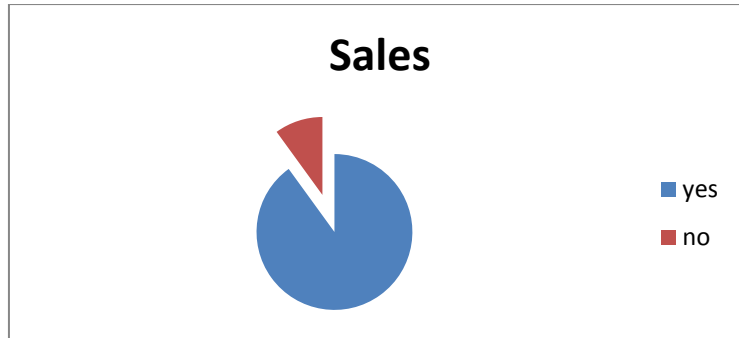


Interpretation-40% Respondents according to the sample constitute govt.sector employee.from the selected respondents only 5%occupies self employed and others.15%constitute private sector employee,10%constitute NRI'S and 25% respondents professionals.

AWARENESS OF THE INSURANCE PRODUCTS

Table 3

Particulars	Frequency	Percentage
Yes	90	90%
No	10	10%
Total	100	100



Interpretation-Out of 100 respondents,90% has shown awareness of the insurance product.and rest of them were not aware of the insurance products.

FINDINGS

1. Many Peoples are still under the wrong notion that destiny decides the fate and insurance cover has no role to play.
2. Apportioning a small amount from their income for insurance premium is treated as a wasteful expense.
3. Certain people believe that insure is against the will of god.
4. The concept of sharing the risk has not percolated into the masses. The fact that even if it is not beneficial to the subscriber it will support many others in the society is yet to be understood by the common man.
5. A lot of people are still unaware of the benefit of insurance and securing the life and materials.

SUGGESTIONS

1. Insurance is to be promoted by the well established public sector companies by advertisement and popularising among the rural mass. About 30% of the participants were not aware about insurance product.
2. Insurance is a must for the people in this era of liberalization now the govt. is retrieving from its social responsibilities.

3. The loss of properties due to natural calamities, accidents and theft are the basic risks. The people should be made aware of these facts and brought under cover of general insurance.
4. Public sector companies still hold good reputation among the people, private companies have to make a lot of home work to compete with them.

CONCLUSION

The public sector institution LIC of India is the dominant player in the area of insurance business. Still the maximum numbers of policies are taken from them. Maximum numbers of people prefer LIC of India to others. This is due to the good image of the firm, faith in the public sector combined with good marketing force and other promotional measures like advertisement. The new entrants in the field of insurance may compete with LIC of India by improving their image before the public through good services combined with promotional activities and benefit of their products.

The recent programme of Govt of India under the Pradhan Mantri Jan dhan Yojana for coverage to the down trodden in the society under Prime Ministers Suraksha Bhima Yojana and Prime ministers jeevan jyothy bhima yojana by collecting small amount of premium is a serious attempt to bring more and more people in the ambit of insurance cover.