A STUDY ON CONSUMERS' AWARENESS ON INSURANCE SERVICES WITH REFERENCE TO VAPI CITY

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I.   Abstract:

The insurance sector is mounting rapidly all over the world. The insurance industry is gaining vital position in the Indian economy and playing a significant role to cover the life and business risk of millions. The industry is even expected to grow even faster than country's overall economic growth. Indian insurance sector is one of the largest in the world with 360 million policies expected to increase at 12-15% CAGR over the next 5 years. Present paper is an attempt to ascertain the awareness level of insurance policy holders of Vapi city.

Keywords: Insurance, Awareness, Mortality, Premium.

II.   Introduction:

Wherever there is uncertainty, there is risk. The risk cannot be avoided. The risk is uncertainty of the financial loss. We don't have any command on uncertainties. An individual is exposed to various hazards in daily life and it will surprise one to note how many of these can actually be insured. This makes it essential that we think in favor of a device that becomes instrumental in spreading the loss. It is in this perspective that we think about insurance. Insurance give you security against the possible chances of generating uncertain losses. It eliminates worries and miseries of losses or destruction of property and death.

Life Insurance is a agreement for payment of a sum of money to the person assured (or his/her nominee) on the happening of the event induced against. Usually the contract provides for the payment of an amount on the date of maturity or at specified dates at periodic intervals or at unfortunate deaths, if it occurs earlier. Thus, the main reason for the purchase of life insurance is to provide financial safeguard for the family. There is more to it, however; people also buy life insurance as a medium to long-term tax favored savings and investment tool. Life insurance is fast emerging as an important device to finance the needs of the people.

III.   Meaning of Insurance

Insurance means a promise of compensation for any potential future losses. It facilitates financial protection against by reimbursing losses during crisis. A life insurance policy provides financial protection to family in the unfortunate event of death or partial or full disability of a policy holder.

IV.   Insurance product

Life insurance companies offer a variety of products covering different types of risks. Not only is there a dearth of knowledge about these but also most individuals are not aware of the value that insurance, as an option, could add to their lives. Today, there are many variations to this basic theme, and insurance policies cater to a wide variety of needs. All other life insurance policies are built around these basic insurance policies by combination of various other features. Mainly there are 2 types of insurance viz. Life Insurance & General Insurance. Life insurance provides cover against the risk of Life while risk apart from life covers under General Insurance.

Types of Life Insurance Products:

1. Term Insurance Policy
2. Whole Life Policy
3. Endowment Policy
4. Money Back Policy
5. ULIPs
6. Annuities & Pension

Importance of Life Insurance:

- Covers a risk of life
- Encourages Savings
- Provides security against adverse financial condition

- Provides tax benefit
- Provides financial security after retirement
- Financial planning for a specific need such as Child Education, Marriage can be possible
- Provides good return on investment with security.
- Loans can be available on policy.

V.   Current Status of Insurance Industry

India's insurance sector is expected to grow even quicker than the country's overall economic growth, opening up new business avenues across the industry. India's life insurance sector is one of the biggest in the world with about 360 million policies which are expected to surge at a Compound Annual Growth Rate (CAGR) of 12-15% over the next five years. The insurance industry plans to climb penetration levels to 5% by 2020. The country's insurance market is expected to expand in size over the next 10 years from its current size of US$ 60 billion to US$ 160 billion. The Indian insurance market is a huge business opportunity waiting to be harnessed.

India currently accounts for less than 1.5% of the world's total insurance premiums and about 2% of the world's life insurance premiums despite being the second most populous nation. The country is the 15th insurance market in the world in terms of premium volume, and has the potential to grow exponentially in the coming years.

VI.   Literature Review

1. **Dr. Nayak Sudhansu Sekhar & Dr. Sahu Anil, (2016),** conducted a study on "An awareness of Indian life insurance customers: A study." The main objective of this study is to measure the awareness of customers about life insurance products and services. Primary data were collected through questionnaire from 85 customers to complete the study. ANOVA test is used to test the hypothesis. The study outcome reveals that neither the urban nor rural people are aware about life insurance. Respondents were unaware about pure life insurance plan and term plan. Study results also reveals that socio economic factors like income, occupation, education has greater impact on creating awareness amongst respondents.

2. **Chaudhary Sandeep, (2016),** conducted a study on "Consumer Perception Regarding Life Insurance Policies: A Factor Analytical Approach." The study objective was to determine the awareness level, satisfaction level and to identify the factors that consumers prefer while purchasing life insurance policy. Primary data were collected through structures questionnaire from 100 respondents from Amritsar, Ludhiana and Chandigarh city. KMO and Bartlett's test was used to arrive at conclusion of study. The study outcome shows that major reason for investment in LIC is saving purpose and majority investors prefer Traditional LIC plans over ULIPs. Study has also extracted six factors affecting buying decision viz., Customized and Timely Services, Better Company Reputations, Effective Service Quality, Customer Convenience, Tangible Benefits and Healthy Customer – Client Relationship.

3. **Balaji C., (2015)** conducted a study to measure "Customer awareness and satisfaction of life insurance policy holders with reference to Mayiladuthurai town." The study aimed at creating awareness about insurance and finding level of awareness about life insurance policies. Sample sizes of 100 respondents were selected. The study outcome shows that majority of respondents are aware about life insurance policies and their source of awareness majorly comes from agents.

4. **Dr. Bhargava Monu & Lulla Reenu (2015)** conducted a study on "Changing perception of consumers towards insurance products." The objective of the study to analyse the changing perception of consumers for different types of insurance product offered by companies and to analyse the customers' perception towards insurance products. Primary data were collected through structured questionnaire by analysing 500 respondents. The study reveals that young population are more interested in private sector, while the aged people are more interested in LIC because of feeling of safety and security. Study also shows that respondents perceive insurance products as an instrument of good risk coverage and a good form of investment.

5. **Dr. Adgaonkar Ganesh (2015)** conducted a study to know "Insurance awareness in India." The study is aimed at exploring scenario of insurance in India and to find out why insurance awareness is necessary. The study outcome reveals that majority people have heard about life insurance, the awareness is very low as many people relates insurance with death only. The study outcome also reveals that there is a lack of knowledge about the various aspects of insurance even within policy holders. A high percentage of households know about their 'duty' rather than their 'rights'.

VII.   Research Methodology

Statement of Problem:
          The study aims to measure the awareness of customers towards life insurance services with reference to Vapi city.

Objective of study:
1. To study the concept of Insurance in India.
2. To know the awareness level of customers towards various charges, benefits and criteria associate with insurance services.

Research Design:
- Descriptive study is used to complete the study.

Data collection Method:
- The data required for study was collected from both Primary & Secondary sources.

Data Collection Tool:
- Secondary Data was collected from various Journals & publications and websites.

- Primary Data was collected through Structured Questionnaire.

Sampling Size
- 150 respondents from total population were selected as a sample size.

Sampling Method

- Convenient Sampling (Non-Probability Method)

Data Analysis Method
- ANOVA was used to analyze collected data.

Research Hypothesis

1) H_0: There is no significant relationship between Gender of customer and Awareness of Insurance Services.
   H1: There is a significant relationship between Gender of customer and Awareness of Insurance Services.
2) H_0: There is no significant relationship between Education Qualification of customer Awareness and Awareness of Insurance Services.
3) H_1: There is a significant relationship between Education Qualification of customer Awareness and Awareness of Insurance Services.

Limitation of the Study:

1. The study is limited to Vapi city only.
2. Respondents hesitate to provide information regarding personal questions like their Family income, Savings/Expenditure etc.

VIII. Testing of Hypotheses

In order to test the hypotheses formulated for the study, ANOVA was carried out on SPSS. The test statistics and results are presented as follows:

Table: 1 Relationship between Gender and Awareness of Insurance services:

Sr. No	Variable	ANOVA Value	d_f	Accepted/Rejected
1	Various Insurance Products	0.082	149	H_0 is Accepted
2	Various Charges	0.337	149	H_0 is Accepted
3	Additional Benefits	0.456	149	H_0 is Accepted
4	Tax Benefits	0.432	149	H_0 is Accepted
5	Maturity Benefits	0.740	149	H_0 is Accepted
6	Nomination Facilities	0.987	149	H_0 is Accepted
7	Various Criteria (Mix-Max Term, Age, Premium etc.)	0.956	149	H_0 is Accepted

(Source: Results from Primary data by SPSS, at 95% confidence level)

Interpretation:

Above table shows the relationship between Gender and awareness level of customers towards various insurance services. The significant value 0.05 is less than P value (ANOVA Value), hence null hypothesis is accepted. It shows that there is no significant relation between Gender and awareness regarding Various Insurance Products, Various Charges levied on Insurance, Tax Benefits on Insurance, Maturity Benefits in Insurance, Nomination Facility with Insurance, Additional Benefits Available with Insurance Product and Various Criteria viz., Min & Max term, Age, Premium etc. involve in Insurance.

Further, Descriptive Analysis of ANOVA reveals that mean awareness for Various Insurance Products, Tax Benefits on Insurance and Maturity Benefits in Insurance are more in male compare to female while mean awareness for Various Charges levied on Insurance, Additional Benefits Available with Insurance Product and Various Criteria viz., Min & Max term, Age, Premium etc. are more in female compare to male. Awareness regarding Nomination Facility with Insurance product is equal in both male and female.

Table: 2 Relationship between Education Qualification and Awareness of Insurance services:

Sr. No	Variable	ANOVA Value	d_f	Accepted/Rejected
1	Various Insurance Products	0.253	149	H_0 is Accepted
2	Various Charges	0.130	149	H_0 is Accepted
3	Additional Benefits	0.142	149	H_0 is Accepted
4	Tax Benefits	**0.043**	**149**	**H_0 is Rejected**
5	Maturity Benefits	**0.016**	**149**	**H_0 is Rejected**
6	Nomination Facilities	**0.001**	**149**	**H_0 is Rejected**
7	Various Criteria (Mix-Max Term, Age, Premium etc.)	0.176	149	H_0 is Accepted

(Source: Results from Primary data by SPSS, at 95% confidence level)

Interpretation:

Above table shows the relationship between Education Qualification and awareness level of customers towards various insurance services. The significant value 0.05 is less than P value (ANOVA Value), hence null hypothesis is accepted. It shows that there is no significant relation between Education Qualification and awareness regarding Various Insurance Products, Various Charges levied on Insurance, Additional Benefits Available with Insurance, and Various Criteria viz., Min & Max term, Age, Premium etc. involve in Insurance.

While the significant value 0.05 is more than P value (ANOVA Value), hence null hypothesis is rejected. It shows that there is some significant relation between Education Qualification and Tax Benefits on Insurance, Maturity Benefits in Insurance, and Nomination Facility with Insurance.

Further, Descriptive Analysis of ANOVA reveals that mean awareness score for Various Insurance Products, Various Charges levied on Insurance, Tax Benefits on Insurance, Maturity Benefits in Insurance, Nomination Facility with Insurance, Additional Benefits Available with Insurance Product and Various Criteria viz., Min & Max term, Age, Premium etc. involve in Insurance are maximum for Professionals and minimum for Post Graduates.

IX.   Conclusion:

Insurance not only covers the risk of life but also provide financial security to a policy holder and his/her family. Insurance sector is the fastest growing sector in India. Insurable population is anticipated to touch 74 million in 2020. The country is 15th largest market in the world in terms of premium volume. Despite of this, according to IRDA report, insurance penetration is very low in India as compare to other developed countries because of unawareness or partial awareness. But the recent trend shows the increase in awareness due to increase in education, income and favorable government initiatives. The study result reveals that respondents are well aware with various insurance services and majority services doesn't have any relationship with gender, while Educational Qualification has some relation with Tax Benefits, Maturity Benefits and Nomination Facilities.

X.   References:

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