



GENERAL INSURANCE SERVICES IN THE RURAL SECTORS OF WAYANAD DISTRICT IN KERALA

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ABSTRACT

Indian General Insurance market is one of the dynamic, a clear depiction of rapid growth on an overall perspective, operating its business for assuring the protection of the people. It is in the forefront of the security needs of the society and its people. In the year 2018-19 General insurance sector has a significant rise in the gross written premiums compared to the previous years. Non-life insurance has an integral role in the socio-economic growth and development of every nation by providing its services in all segments of the society. It is seen in the rural areas of the nation especially the remote inner areas are still neglected with the services of general insurance. That is certain extend of the needy people of this area is still unprotected and there by insecure. IRDA has provided some measures of special services to this area by designing special rural insurance policies but unfortunately most of the insures are not initiating these since it contributes less income. This study is based on primary data pertaining to the quality of providing general insurance services in Wayanad district, Kerala. Wayanad is the smallest and under developed district in Kerala with hill stations and in some areas tribal settlement is there. Data collected from hundred randomly selected respondents through an interview schedule. Methodological framing has also done. The main focus of the study is to examine whether the insurance companies potentially utilise the opportunities of the rural market in order to fill the gap of protecting the security requirements of rural mass.

KEYWORDS: *Non-life insurance, Service Quality, Risk coverage, Customer awareness, Customer Satisfaction.*

INTRODUCTION

The main objective behind the establishment of insurance companies in every nation is to ensure the security of the public by providing them all the recovery measures from the expected risk. In India for this purpose both Life and non-life (General) insurance sectors are operating with a number of insurance players. Private sector and public sector insures are sharing the market by providing their resources in an effective way. India's share in global insurance market was 1.92 percent during 2018. However, during 2018, the total insurance premium in India increased by 9.3 percent whereas global total insurance premium increased by 1.5 percent. General insurance focuses and targeted to cover the risk in the non-life area in various categories. There is a significant role played by the general insurance companies in the overall growth and development of a nation. In India about 35 registered general insurance companies as identified as on 31.3.2019 and this includes 4 public sector main insurers, 21 private sector insurance companies, 2 specific insurance companies and 7 standalone health insurers. The general insurance industry underwrote a total direct premium of Rs. 169448 crore in India for the year 2018-19 as against Rs. 150662 crore in 2017-18, registering a growth rate of 12.47 percent as against 17.59 percent growth rate recorded

in the previous year. The public sector insurers exhibited growth of 1.28 percent in 2018-19, over the previous year's growth rate of 12.58 percent. There are four leading public sector general insurance companies, i.e., New India Assurance company Ltd, United India insurance co. ltd, The Oriental Insurance Co. Ltd. and the National Insurance Co. Ltd. In Kerala almost all insurance companies including public and private sector have their presence with branches and working in urban and rural areas and have significant market shares for their products. These companies are working by focusing the customer satisfaction through enhanced customer choice and varieties with lower premiums. Wayanad is the smallest district in Kerala with respect to population and developmental index. Most of the places in Wayanad district in hilly places and this is the reason for low population. The unique feature of this district is that there are some areas where some tribal settlement is there. This district is totally neglected area in Kerala. The development of the nation is really the development of all its smallest pockets of rural areas. Even though government has policies of financial inclusion for the upliftment of the rural people comparatively the benefit of the same is gained less in this area. Insurance coverage is one of the effective ways of financial inclusion. Measuring the effective working of insurance services in this area is one way of measuring the development of the area.

PROBLEM STATEMENT

In the contemporary insurance market all insurers are identifying with their own innovative strategies and launching attractive initiation of schemes, promotion, and new way of distribution system, offers and other attractive attributes. Even though all these strategies are targeted to all, this is effectively working in urban areas because of the educated people having much awareness and facility of all communication means. It is highly relevant that to know that how this will affect the rural customers especially the areas of remote accessibility. Most of the Indian people living in rural areas especially in Kerala and engaged in agricultural and other unstructured fields. That is why to protect them and their belongings as social beings is must and this is considered as a social responsibility of the government. That is why it is quite essential to conduct a study relating to this in the rural areas and for the selected an ideal location, Wayanad district in Kerala. This is the smallest district with least population in Kerala. Apart from that most of the areas in this district are under developed. This study examines what extend the qualities of providing general insurance services are fulfilled and to identify the problems of rural insurance marketing.

STUDY OBJECTIVES

- To assess the level of awareness about various general insurers and their products.
- To identify the preferred products and the factors influencing to choose such policies.
- To study the problems of rural insurance marketing.
- To assess the overall satisfaction of customers on rural insurance services.

REVIEW OF LITERATURE:

Studies have been conducted by many with regard to various aspects and segments of insurance sector and many of these reports reviewed for the purpose and books, articles and other published works, websites referred for this study. The summary relevant to the context of this study is discussed here.

- This study (*Rao Tripti, D. - 2000*) stated that through the process of privatisation the insurance industry witness the efficiency oriented competition and there by effective resource utilisation is possible. It would enable an overall price reduction in terms of premium amount and an effective and proper pricing policy will occur and greater choice for people will happen. The operational scope of insurance business will widen from the very limited area to all segments of life.
- This article reveals (*Selvakumar & Priyan - 2010*) that insurance companies are extending their markets in the semi-urban and rural areas to take across the message of protection of life through insurance cover. Protection at the highest level means customers are more conscious of the requirement for risk mitigation, greater security, and about the future of their dependents.
- According to this article (*Raju Satya R - 2004*) the importance of combined works of insurance agents, officers' employees and executives at different levels to achieve the objectives and target and also to face the present and future competition as a challenge. The insurance products and services should be designed and offered as per the customer needs.

- In one article (*Ramanathan.KV - 2011*) Research has resulted in the development of a reliable and valid instrument for assessing customer perceived service quality, awareness level, and satisfaction level of customers towards life insurance industry.
- The book (*India Insurance guide -2014*) explains the Insurance industry is going to face revolutionary changes with the innovative marketing strategies. The existing and the new insurers will devise different strategies to penetrate and enhance their rural market share. It would be done by various methods by bringing in new practices, settings new service standards and creating new benchmarks in the rural area

The literature review identifies the links between general insurance, insurance services in rural areas and the demographic and other details of people, customer awareness, satisfaction etc., enables to reach a conclusion and support the study and to provide conclusions.

METHODOLOGY

Both primary and secondary data used for the study but mainly depended the primary data for analysis and interpretation and which has been collected by using a well structured questionnaire. Data collected from a randomly collected 100 respondents, i.e. the holders of various General Insurance policies from Wayanad District of Kerala and statistical tools like tables, graph, calculation of average and percentages have been used for analysis.

ANALYSIS & INFERENCES:

The analysis, inferences and discussions are on the basis of the responses of the respondents a detailed below:

- *Sex & Age:* These aspects have significant role in the involvement of insurance field by subscribing a policy. Here 79% of the policy holders are male and only 21% are female and this show that male category is dominating as policy holders in the general insurance sector. As per the analysis majority (36 %) of the respondents belongs to the age group of 30-40. From this it is inferred that middle aged people are more concerned about the future risk and security and come forward for subscribing policies.
- *Occupation:* The occupation of a person has really influencing directly the subscription of insurance policies. There are five employment categories are there, 'government', 'private', 'self employment', 'agriculture' and 'others'. Majority of the respondents (37%), 10% belongs to 'government', 18% belongs to private, 21% belongs to 'agriculture' and 9% belongs to 'other' categories. This indicates that 'self employment' group; including persons from business field are coming forward more towards general insurance policies.
- *Income factor:* This plays a significant role with regard to the subscription of insurance policies. Majority of the policyholders (34%) belongs to the income group of Rs. 20000-30000, 24% belongs 20000-30000, and 20% belongs to 10000-20000, 15% above 30000 and 7% below 10000. This means that middle income group is more concentrated to subscribe the policies.
- *Educational level:* Education level of the customers are divided into five categories, i.e., School level, Up to SSLC, Higher Secondary, UG Level, PG Level and others. Majority of the customers coming under the category of 'up to SSLC level'. This indicates that educated people especially highly educated are not much concentrating the insurance policies.
- *Size of family* is also another significant aspect. As per the collected data majority of the policy holders come under the size of '6 to 9' (31%). This implies that members of nuclear families and members above 9 are not having much coverage with general insurance policies.
- *Object of Insurance policy* is to cover the risk in the future but some other reasons also forcing the respondents to subscribe the policies, i.e. the compulsion from the part of agent, influence of friends and relatives etc. As per the collected data majority of the customers (76%) have taken the policy to cover the risk, i.e. the real purpose of taking the policy is serving here.
- *Settlement procedure:* The overall satisfaction on any insurance policy is highly depending on its smooth and prompt settlement process. Even though every insurer encourages the people by saying that the settlement procedures are simple and prompt, in reality in this phase policy holders have to suffer some difficulties. As per the responses 62 % says that the procedure is lengthy and not simple. Unwanted and unnecessary delay occurred during the settlement. More documental evidences need to be produced and this also made panic at the last stage.
- *Preferred type of product:* There are a number of products with much attractions designed by various insurers from public and private sector. A high end competitive advantage can be seen here. Most of the respondents preferred Agriculture insurance, Theft insurance, Fire insurance and some cattle insurance. People are not aware about specific policies are

designed and deliver as per the statutory provision of the central government and IRDA. These policies are having low premium and not initiated and encouraged by the insurers since this fetch only a low profit to them.

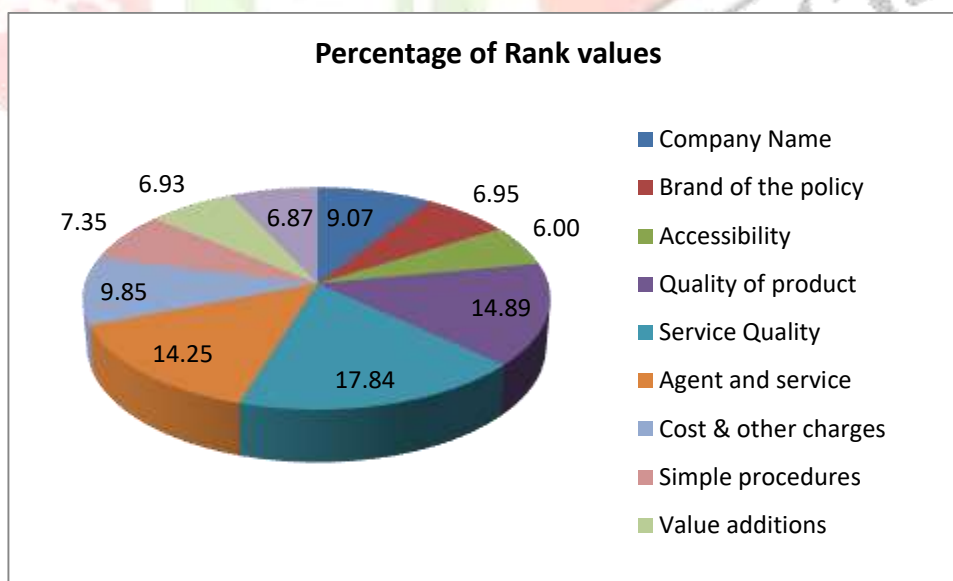
- *Criteria for choosing policy:* The various influencing factors or criteria for selecting a policy will be different in all cases. There are various aspects directly or indirectly influence a person to choose the insurance products. A list of ten variables have been given and directed to rank them in the order that the most influencing factor should be '10', next '9' ...and the least influencing factor should be '1'. Accordingly all the respondents ranked and the total values of ranking considered and its percentage also taken. Accordingly the most influencing factor is the 'Quality of Services', then 'Quality of the Product' as per the table given below. That is the highest percentage of the rank value is 16.41% which relates to the Service Quality.

Table No.1
Calculation of Rank values and percentage

Sl. No	Variables	Total Rank Points	Rank Value Percentage
1	Company Name	499	9.07
2	Brand of the policies	382	6.95
3	Accessibility	330	6.00
4	Quality of products	819	14.89
5	Overall Service Quality	981	17.84
6	Agents and their services	784	14.25
7	Cost & other charges	542	9.85
8	Simple procedures	404	7.35
9	Value additions	381	6.93
10	Special offers and benefits	378	6.87
Total		5500	100

Source Primary data

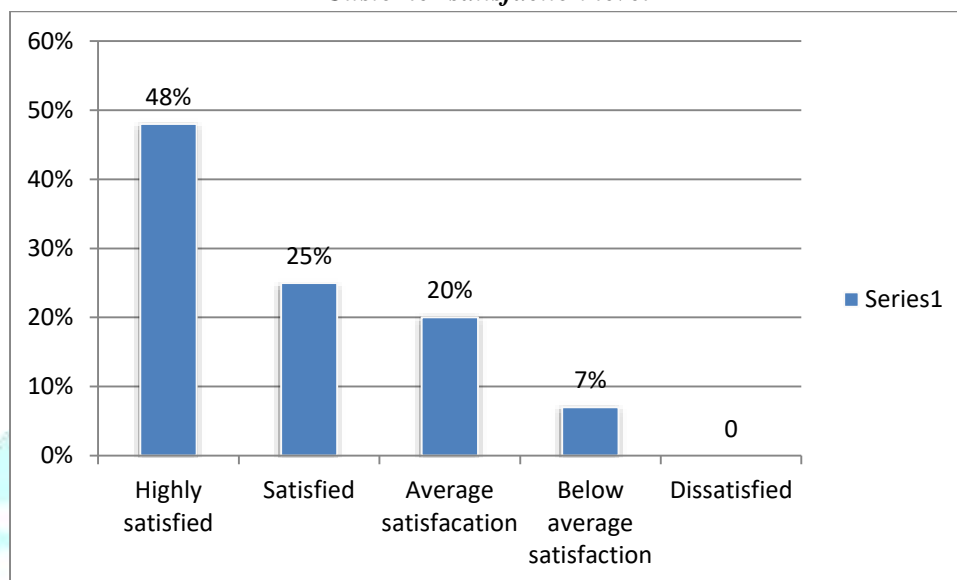
Figure 1
Graphical representation of rank values



- *Selection the insurer:* In the present dynamic and competitive insurance market it is not difficult to find an insurer with appropriate product. Normally through different distribution channels like direct, bank, financial institutions, agents etc. are available. As per this study most of the people are getting the information through agents. Since this is the conventional way of marketing the innovative means through different financial agencies are totally neglected.
- *Satisfaction level :* The overall satisfaction level has studied by giving some basic variables highly relating to the same and based on the same 48 % of the respondents are fully satisfied, 25% are satisfied, 20% are 'average satisfied', 7% is

'below average satisfied' and no others are in the category of 'dissatisfied'. The government should interfere into this and give direction to launch low premium and cost but highly benefited policies to protect the rural people. The reason for the decrease in the satisfaction level in some policy holders are the lengthy and difficult process of claim settlement. Easy accessibility of the insurers is another reason for less satisfaction. The other reasons decreasing satisfaction are lack of proper and updated information, problem of accessibility, behavior of intermediaries, etc. Even though majority satisfied the overall development is possible only by satisfying all customers in the same level by providing quality service at its best.

FigureNo.2
Customer satisfaction level



FINDINGS: The following are the findings of this empirical study and based on the intensive analysis made by using different statistical tools. It is seen that majority of the respondents are male and in the age group of 30-40 are more aware and enrolling insurance policy for many reasons. It is also found that education is not a criterion for taking insurance policy. People with SSLC level are more attracted and buying general insurance policies. People with school level qualification are not much aware about this. The intermediaries are not approaching the remote rural people with proper information about the products. The 6-9 size family is having maximum insurance policies and families having very small number of members are not coming forward for subscribing general insurance policies. The respondents having an income between '20000 to 30000' are more attracted by the policies. Low income group are not coming forward and the policies having very low premium are not provided by the insurers. Most of the customers prefer Public sector insurers and their policies. Some are still buying this to fulfill some tax benefit and savings. Customers prefer the less effort way to deal with the policy rather than the integrity, quality services and benefits provided by the established insurers. The behaviour of the intermediaries is also a major decisive factor. Even though many official formal channels of distribution for the products, rural people still prefers the agents. Some customers satisfied with the premium policies and services of insurance companies and this shows the possibility of expansion of general insurance business in rural India. Many are not satisfied with the lengthy and delayed procedures of claim settlement.

SUGGESTIONS: The important drawback and challenge of all insurers is to provide quality services to the lower end of the society with less cost immediately when it is required. Proper awareness must be given in the appropriate and effective way among the rural people about the various aspects of insurance policies. More micro insurance products and other special products for rural people should be offered with attractive terms preferably for the under privileged people in the lower strata based on their affordable income. Familiarity with the various insurance products must be given among rural people by strategic campaigning appropriate for the rural people. The importance of risk coverage and social security has to be educated properly and need to attract all types and sizes of family into the scenario. The quality of the behavior of the agents should be taken into consideration and this will in a high manner help the growth and development of insurance companies. The insurers should think for innovative less cost alternative distribution channels. Government should more concentrate the rural area and design low cost insurance products in order to cover the risk. More transparency should be maintained in all phases of procedures. There should not be any hidden cost and hidden aspects and the claim settlement procedures should be simplified and minimise the length of the settlement. Quality services should be provided with quality products with high end

transparency with much guarantee and this will create an integrity oriented base and prosperity for all insurers. Government should assure the specific policies designed for the rural mass as per regulation is fulfilled by extending proper monitoring.

CONCLUSION: The socio development and economic growth of every country to a great extent upon that the coverage of financial products throughout the country. The effective tool for the same especially for the low end group is financial inclusion. Hence government should take adequate steps to promote the insurance industry by proper encouragement in order to match the security needs of rural mass. Insurance companies should offer products according to the requirements and affordability of rural people and government intervention must be assured. If everything is carried on in an effective way by holding the concept of financial inclusion, the penetration of insurance in the rural area can be gained at its maximum and there by achieve the overall target of all.

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