



A STUDY ON POLICYHOLDERS PERCEPTION TOWARDS MOTOR VEHICLE INSURANCE (WITH SPECIAL REFERENCE TO POLLACHI TALUK)

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Abstract:

The study aims to identify the perception of the policyholders towards motor vehicle insurance in Pollachi Taluk. The study was done based on interview schedule with a sample of 100 respondents. The findings were analyzed using simple percentage analysis, chi-square test and friedman's ranking test. Findings reveals that male respondents are highly preferred .The study has also found that the Faith in the insurance company was the first perception factor of the policyholders to choose the particular insurance company.

Key Words: Insurance, Perceptions, Vehicle, Motor Insurance & Policyholders Etc

Introduction:

Motor insurance contributes to one third of the premium income for the general insurance industry in India. The growth of the economy and consequently, the standard of living of the people, further supported by the increased choice for the customer and entry of large number of automobile players led to a sharp increase in motor insurance. Motor insurance gives protection to the vehicle owner against – damages to his/her vehicle and pays of any third party liability determined as per law against the owner of the vehicle. Third party insurance is a statutory requirement. The owner of the vehicle is legally liable for any injury or damage to third party life or property caused by or arising out of the use of the vehicle in a public place. In India driving a motor vehicle without insurance in a public place is a punishable offence in terms of the motor vehicles act, 1988.

Need for the Study:

In India Motor Insurance is made compulsory for all vehicles used whether for commercial or personal use. The driving attitude of motorist in India is still put to question with respect to the enormous motor risk they are exposed to. The risk cannot be averted but loss occurring due to certain risk can be distributed among the agreed person by averages of Insurance. As per the study done by various researchers in the insurance sector, it is clear that study in the motor insurance is very limited. The areas like customer's awareness, perceptions and satisfaction towards motor insurance are not studied in depth it is the need of the hour to concentrate on such areas. It is also necessary to find out the perception of the policyholders towards motor vehicle insurance.

Review of Literature:

M. S. Azam (2005) examined the customers' attitudes towards private and public owned general insurance Companies. The study utilized fish begins multi attribute attitude object model to measure overall attitude. T-test was performed to test the hypothesis. The study indicated that among eight salient beliefs customers' perceptions on financial strength, goodwill and office environment are statistically different at 0.001 level, while risk underwriting and client service are different at 0.05 level of significance. The results revealed that customers' favorable perception towards

financial strength and goodwill of SBC, while office environment, risk underwriting and client services were favorable for private insurance companies.

T. Devasenathipathi, P. T Saleendran, and A. Shanmugasundaram (2007), compared and rated all the life insurance companies, measured the customer perception, purchase behavior, consumer awareness regarding life insurance industry. The data has been collected through a questionnaire filled from 500 customers residing in Chennai. The study concluded that the entry of private players brought better service, quicker settlement, greater awareness and more choice.

Dr. A. V. Narrimha Rao (2007), stated that the objective of the motor vehicle insurance is to provide solution to the people who are weak and suffer for no fault of theirs and to fulfill the social obligations of insurance companies. The law should be fine tuned to meet the end of social objectives. There is no doubt that the motor vehicle insurance is aimed to support well accepted principle that, 'the innocent person having no relation to the use of vehicle by someone, but at the same time it should not become a burden to insurance companies and lead them to insolvency.

Objectives of the Study:

- ✓ To study the demographic profile of the motor vehicle insurance policyholders.
- ✓ To find the policyholders perception towards motor vehicle insurance.

Research Methodology:

The Pollachi Taluk in Coimbatore District is the study area. A total of 100 policy holders are taken as sample. These respondents were randomly selected in Pollachi Taluk. Primary data is collected through well interview schedule. The collected information were reviewed and consolidated into a master table. For the purpose of analysis the data were further processed by using statistical tools. The statistical tools are

Simple Percentage

Chi-Square Test:

Friedman's Ranking Test:

Limitations of the Study:

The study is restricted to the selected sample of Pollachi Taluk and hence the result of the study cannot be generalized. The statistical methods used to analyze the data have their own limitation. All the limitations of primary data are applicable to this study.

Analysis and Interpretation:

1. Demographic Profile of the Respondents:

Table no.1 describes the demographic profile of the motor insurance policyholders taken for the study. Out of 100 respondents who were taken for the study: it has been identified that most (63%) of the respondents are male, (49%) whose age group is under 26 to 45 years, most (53%) of the respondents are graduates, maximum number (39%) of respondents are employee, the monthly income of (42%) respondents is up to Rs.10,000, (48%) of the respondents are having two wheelers, most (58%) of the respondents are taken package policy for their motor vehicle and most (45%) of the respondents period of holding the insurance was 2 years to 5 years.

Table 1: Demographic Profile of the Respondents

| Factors | Number of Respondents N=100 | Percentage |
|--------------------|------------------------------------|-------------------|
| Gender | | |
| Male | 63 | 63 |
| Female | 27 | 27 |
| Age (Years) | | |
| Up to 25 | 26 | 26 |
| 26 to 45 | 49 | 49 |

| | | |
|--|----|----|
| Above 45 | 25 | 25 |
| Educational Qualification | | |
| Up to School Level | 24 | 24 |
| Graduate | 53 | 53 |
| Professional | 23 | 23 |
| Occupation | | |
| Agriculture | 31 | 31 |
| Employee | 39 | 39 |
| Business | 26 | 26 |
| Others | 4 | 4 |
| Monthly Income | | |
| Up to Rs.10000 | 42 | 42 |
| Rs.10000 to Rs.25000 | 36 | 36 |
| Above Rs.25000 | 22 | 22 |
| Type of Vehicle | | |
| Two Wheeler | 48 | 48 |
| Three Wheeler | 19 | 19 |
| Four Wheeler | 33 | 33 |
| Type of Policy | | |
| Package Policy | 58 | 58 |
| Liability Only | 42 | 42 |
| Period of Holding the Insurance | | |
| Up to 2 Yrs | 38 | 38 |
| 2 to 5 Yrs | 45 | 45 |
| Above 5 Yrs | 17 | 17 |

2. Relationship between Variables and Policyholders Level of Perception Towards Motor Vehicle Insurance:

Table no.2 depicts the relationship between selected demographic variables and level of perception towards motor vehicle insurance policyholders. It is clear that , the calculated Chi-square value is less than the table value at five percent level, there does not exists any significant association between age, educational qualification, occupation, types of policy, type of vehicle and period of holding the insurance. Thus the null hypothesis is accepted. It is clear that, the calculated Chi-square value is greater than the table value at five percent level, there exists a significant association between gender and monthly income.

Table 2: Relationship between the Demographic Profile and Level of Perception

| Variables | Level of Perception | | | Total | χ^2 Value | Table Value | Remarks |
|----------------------------------|---------------------|----------|----------|---------|----------------|-------------|---------|
| | Low | Moderate | High | | | | |
| Gender | | | | | | | |
| Male | 13(20.6) | 36(57.2) | 14(22.2) | 63(100) | 6.432 | 5.991 | S |
| Female | 7(26) | 12(44.4) | 8(29.6) | 27(100) | | | |
| Age (Years) | | | | | | | |
| Up to 25 | 10(38.5) | 3(11.5) | 13(50) | 26(100) | 4.896 | 9.488 | NS |
| 26 to 50 | 23(47) | 18(36.7) | 8(16.3) | 49(100) | | | |
| Above 50 | 8(32) | 10(40) | 7(28) | 25(100) | | | |
| Occupation | | | | | | | |
| Agriculture | 12(38.7) | 11(35.5) | 8(25.8) | 31(100) | 9.845 | 12.592 | NS |
| Business | 7(26.9) | 8(30.8) | 11(42.3) | 26(100) | | | |
| Employee | 13(33.3) | 15(38.5) | 11(28.2) | 39(100) | | | |
| Others | 4(28.6) | 7(50) | 3(21.4) | 14(100) | | | |
| Educational Qualification | | | | | | | |
| Up to School Level | 6(25) | 8(33.3) | 10(41.7) | 24(100) | 2.178 | 9.488 | NS |
| Graduate | 13(24.6) | 26(49) | 14(26.4) | 53(100) | | | |

| | | | | | | | |
|--|----------|----------|----------|---------|-------|-------|----|
| Professional | 5(21.8) | 9(39.1) | 9(39.1) | 23(100) | | | |
| Monthly Income | | | | | | | |
| Up to Rs.10,000 | 25(59.5) | 6(14.3) | 11(26.2) | 42(100) | 15.98 | 9.488 | S |
| Rs. 10000 to Rs.20,000 | 13(36.1) | 14(38.9) | 9(25) | 36(100) | | | |
| Above Rs.20,000 | 8(36.4) | 6(27.2) | 8(36.4) | 22(100) | | | |
| Types of Vehicle | | | | | | | |
| Two Wheeler | 13(27) | 23(48) | 12(25) | 48(100) | 1.823 | 9.488 | NS |
| Three Wheeler | 7(36.8) | 9(47.4) | 3(15.8) | 19(100) | | | |
| Four Wheeler | 11(33.3) | 14(42.4) | 8(24.3) | 33(100) | | | |
| Types of Policy | | | | | | | |
| Package Policy | 13(22.4) | 32(55.2) | 13(22.4) | 58(100) | 3.987 | 5.991 | NS |
| Liability Only | 14(33.3) | 21(50) | 7(16.7) | 42(100) | | | |
| Period of Holding the Insurance | | | | | | | |
| Up to 2 Yrs | 10(26.3) | 16(42.1) | 12(31.6) | 38(100) | 5.982 | 9.488 | NS |
| 2 Yrs to 5 Yrs | 12(26.7) | 23(51.1) | 10(22.2) | 45(100) | | | |
| Above 5 Yrs | 6(35.3) | 8(47.1) | 3(17.6) | 17(100) | | | |

*significant at 5% percent level

Table 3: Perception of Policy Holders – Friedman Rank Test

| Factors | A | NANDA | DA | Total | Average Rank | Rank |
|--------------------------------|-----|-------|----|-------|--------------|------|
| Future Security | 37 | 39 | 24 | 100 | 4.46 | 4 |
| Prompt Service | 30 | 42 | 28 | 100 | 5.24 | 2 |
| Risk Cover | 223 | 128 | 17 | 100 | 4.36 | 5 |
| Friendly & Helpful Staff | 46 | 34 | 20 | 100 | 4.69 | 3 |
| Faith in the Insurance Company | 68 | 24 | 8 | 100 | 5.26 | 1 |

3. Policyholders Perception Towards Motor Vehicle Insurance Using Friedman's Ranking Test:

The table no.3 shows that Faith in the insurance company was the first perception factor of the policyholders to choose the particular insurance company. Prompt service was ranked as the second factor to choose the insurance company, Friendly and helpful staff was ranked as third factor, Future security was ranked as fourth factor and Risk cover was the fifth factor. From the Friedman Ranking test it is found that majority of the policyholders prefer faith in the insurance company, prompt service, friendly and helpful staff in the insurance company and the like.

Conclusion:

Competition has already set in and public sector and private sector players should take steps to recapture the market according to the perception of the motor insurance policyholders. The future growth of the motor insurance sector will depend on how effectively the insurers are able to come up with product designs suitable to our context and how effectively they are able to change the perceptions of the Indian consumers and make them aware of the insurable risks. The future growth of insurance also depends on how service oriented insurers are going to be.

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