CUSTOMER AWARENESS AND KNOWLEDGE ABOUT GENERAL INSURANCE SERVICES: AN EMPIRICAL SURVEY IN MODERN ERA

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ABSTRACT

Globalization and forces of competition has challenged the way in which business is operated. With the re-opening of insurance sector for private players, the increased number of sellers had to improve customer awareness and knowledge about their services. In the contemporary business environment, the creation of awareness and knowledge about insurance products by general insurance companies is imperative in order to retain in the market. The purpose of this paper is to highlight the importance of awareness and knowledge among customers about general insurance services. The paper provides an overview on sources which are used by insurance players for creating awareness among consumers about insurance policies. The study explores that how customer awareness in insurance services affects the long term profitability of their customers.

1. INTRODUCTION

The financial sector constitutes one of the foremost components of the service sector and within that sector, insurance services assume vital significance Indian insurance industry has recently been opened up for private companies; both domestic and foreign .The opening of the insurance sector has been facilitated through IRDA. Liberalization and the re-opening of the insurance sector for private participation have led companies to diversify their products. Due to the increasing number of players, the industry is sensing rise in expectations of the customers. Moreover, we are witnessing a significant change in the profile of Indian customers. People are not just looking at products but at integrated financial solutions that can offer them stability of returns along with total protection. With growing expectations, the customer looks forward to world-class insurance products and service apart from a wide range of options. The customers also expect better treatment in respect of use of technology, pricing, services and friendliness because of fierce competition between insurance companies.

The growing insurance sector requires rapid awareness campaigns to attract customers to meet their needs and expectations. The customer's awareness level regarding insurance sector got importance to convince the target audience that could affect the customer service utilization decisions. Business deal takes place in the mind of consumer long before actually it happens. Therefore, interaction with prospective and existing customers is an

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ongoing process. Generally, sales executives appear in the scene when consumer intends to buy a policy and disappear once the same is delivered. Instead they should be in constant touch with customers even after product is delivered and provides continuous knowledge to consumers about their services.

Lack of clarity during sale of insurance policies and purchasing creates serious problems during execution. Therefore all communication to create awareness and knowledge among customers should be precise, clear and without ambiguity. In today's rapidly changing business environment, the employees of the organization must continually improve the knowledge of insurance policies and services and use this knowledge to provide greater value to clients.

2. REVIEW OF LITERATURE

It is universally acknowledged fact that research paper cannot be finalised without critically studying what already exists in relation to it in the form of literature and specific studies. The survey of related literature therefore is considered as an important pre-requisite to actual planning and execution of any research project. The literature available on the problem understudy is presented as follows:

Ahooja (2001), has stated that over the years, there has been a visible change in customer expectations due to rapid changes in technology and development of new economy. Organizations globally are gearing up to meet the challenges offered by the new wave of business patterns. The lifestyles of individuals have undergone major changes with mobility, internet, and technology playing a very major role in their behavioural patterns. Customers have become more demanding, and to retain the customers' organizations are confronted with improving their pre and post sales service offerings.

Ragunath and Shields (2001), have pointed out that after the deregulation of the Indian insurance industry, new opportunities have opened up for online insurance transactions in the Indian market. Apart from the resistance due to the channel conflicts from the agents, the end user response has also not been that encouraging in certain sectors of the industry, owing to an anticipated lack of personal interaction by the seller.

The study proposes that the roadmap for online insurance could be smoothened by the introduction of e-CRM techniques in the online insurance business, by making the present agents and middlemen as network partners for information gathering, transfer, servicing and processing. The findings are based on field data from seven Indian cities among customers and agents. The perception have been found to be significantly different in both the life and general insurance segments, with the willingness of agents for participation in data mining being very low in the general insurance segment.

Shulman (2005) has identified that it is very common that every business insurance prospect expects to receive customized service from his insurer. But busy agents can hardly afford any time or expense to present an individualized proposal each time. A little extra care and attention to some often-overlooked talents can fill this gap and guide the insurer closer to the sale.

3. RESEARCH OBJECTIVES AND METHODOLOGY

3.1 OBJECTIVES

- To ascertain the level of awareness about general insurance services in India.

- To assess the knowledge of customers about procedure and documentation of general insurance services.

- To study the source of information used by insurance companies for creating awareness about insurance policies.

3.2 HYPOTHESES

- There is no significant difference regarding various aspects of level of awareness among customers across public sector and private sector.

- There is no significant difference between customers of public sector and private sector general insurance companies regarding knowledge of insurance services.

- Occupation has no significant impact on the various aspects of level of awareness and knowledge of customers.

3.3 RESEARCH METHODOLOGY

The aim of the present research paper was to investigate the customer awareness and knowledge about general insurance services of public sector and private sector companies in the state of Haryana. To carry out the research study, a systematic procedure was adopted.

The study was based on both primary as well as secondary data. Secondary data included review of existing literature on customer awareness and knowledge of general insurance services. The review of literature has helped in deciding the objectives of the study. Primary data for the research was collected with the help of self-administered questionnaires that were especially designed to achieve the objectives of this study. To undertake the present study, multistage random sampling was adopted under which the State of Haryana was stratified into four administrative divisions i.e. Ambala, Hissar, Rohtak and Gurgaon. From each division one district was selected randomly.

3.4 STATISTICAL TECHNIQUES USED

To arrive at certain conclusions regarding the hypotheses framed in the present investigation, the various statistical tools were employed. Measures of central tendency such as percentages, arithmetic mean, and standard deviation were worked out to study the frequency and distribution of scores on various variables. Cross-Tabulations were used to analyze how one variable such as category of general insurance company relate to other variables under study.

In order to test the difference of mean between public sector and private sector customers regarding awareness and knowledge for insurance services, an independent sample 't' test was carried out. To evaluate the difference in the mean scores for several categories of occupations under study, one-way analysis of variance (ANOVA) was employed. Statistical calculations were made making use of Microsoft Word and SPSS Software Package on the computer.

4. RESULTS AND DISCUSSIONS

This part presents the results of the empirical survey of policyholders of general insurance companies. Here, an attempt is made to give the findings of the study regarding customer level of awareness and knowledge about insurance services and policies. The description on various aspects of customer survey follows now:

4.1 A Profile of Respondents

The success of general insurance companies in formulating effective marketing strategies to provide awareness and knowledge about insurance services requires maintaining up to date profile of the customers in the form of customer database. In this regard, the questionnaire used in the study includes a section on customers' profile about education level, occupation wise and sector wise. A sample survey of as large as 350 respondents has been taken. Tables 1 to 3 present the data obtained on the aforementioned variables of the insurance customers.

Table 1: Sector-wise and Company-wise distribution of Respondents

Category of Insurance Companies	Frequency	Percentage	Cumulative Percentage
Public Sector Companies	184	52.6	52.6
Private Sector Companies	166	47.4	100.00
Total	350	100.00	

Table 2 which presents educational profile indicates that 46 percent and 20.3 percent of the respondents are graduates and post graduates

respectively. Out of total Respondents, 11.4 percent are below secondary level and 12 percent have got education up to secondary level. The remaining 10.3 percent respondents have professional degree. The analysis shows that the policyholders are qualified enough.

Table 2: Educational Profile of Respondents

Educational Qualification	Frequency	Percentage	Cumulative Percentage
a) Below Secondary Level	40	11.4	11.4
b) Secondary Level	42	12.0	23.4
c) Graduation Level	161	46.0	69.4
d) Post Graduation	71	20.3	89.7
e) Professional	36	10.3	100.0
Total	350	100.0	

Table 3 presents occupational profile of the respondents. It is evident that 40.6 percent of the respondents belong to business class, 30.3 percent to salaried class, and 10.5 percent are self-employed, 6.6 percent are retired persons, and the rest 12 percent are students.

Table 3: Occupational Profile of the Respondents

Occupation	Frequency	Percentage	Cumulative Percentage
a) Business class	142	40.6	40.6
b) Salaried class	106	30.3	70.9
c) Self employed	37	10.5	81.4
d) Retired	23	6.6	88.0
e) Student	42	12	100.0
Total	350	100.0	

4.2.1 Level of Awareness

Under the present study, an attempt was made to measure the level of awareness of the customers of the general insurance companies regarding various types of policies, companies, e-insurance, insurance rules, complaint settlement procedures etc. As stated in methodology, the respondents were asked to give response on a five point scale ranging from very low to very high awareness. The mean score and standard deviation of responses has been computed to analyze more appropriately. Also t-test is applied to find the significance of variations in the mean score of public sector and private sector companies. The survey results in summarized form are available in Table 4.

Table 4: Level of Awareness of customers of General Insurance Companies

Level of awareness about	Mean		Standard Deviation		t-value	P-value
	Public	Private	Public	Private		
a) Insurance policies	3.0815	3.3554	1.00756	.81661	-2.775*	.006
b) Company name	3.2337	3.6024	1.12340	.88680	-3.383*	.001
c) E-Insurance/On-line insurance	2.2283	2.5602	1.07737	1.08124	-2.874*	.004

* t- value is significant at 0.01 level.

It is clear from the table that the awareness of the customers is average regarding insurance policies and company name. It is even below average regarding electronic insurance. The above response is true irrespective of the sector concerned. In terms of facts, the mean scores about policies and company name are 3.08 and 3.23 in case of public sector, where as the same are 3.35 and 3.6 in case of private sector. However, the difference between the mean scores of public and private sector are found significant with respect to all the three aspects i.e. policy, company and electronic services. In other words, the customers of private sector general insurance companies are more aware than those of the public sector.

4.2.2 Impact of Occupation on Level of Awareness

This research paper has also investigated the variation in awareness level of respondents across their occupation about various general insurance policies, online insurance various rules, complaints and settlement procedure. The survey data in regard to above questions are given in Tables 5 and 6. Table 5 compares the mean score on various aspects of the level of knowledge across different categories of occupation. The difference in the mean score of the five categories of occupations has been analyzed by using one way analysis of variance (ANOVA).

Except self employed group, the mean score ranges between 3 to 4 regarding awareness about insurance policies and company name amongst various occupational group. The above refers that the insurance customers have just moderate level of information about insurance companies, their products and technology. The awareness level amongst the self employed is the lowest. Similarly, the awareness about the e-insurance is poor amongst the respondents as the mean score is below 3 irrespective of the occupation of the respondents. The salaried persons are having the highest level of information followed by retired, and business persons. The f-value turns significant at 1.0 percent level regarding insurance policies, company name and online business. Hence, occupation has influence on the level of information to a great extent.

Table 5: Occupation-wise summary of mean score and ANOVA for impact of Occupation on Level of Awareness.

Level of awareness about	Business	Salaried	Self-employed	Retired	Student	F-Value	P-Value
a) Insurance policies	3.0352	3.6038	2.7568	2.7568	3.0714	9.795*	.000
b) Company name	3.3944	3.5660	2.6757	2.6757	3.4286	7.117*	.000
c)E-insurance/ Online insurance	2.3028	2.3774	2.0270	2.0270	2.7381	3.537*	.008

* F-Value is significant at 0.01 level.

4.3.1 Level of Knowledge about Procedure and Documentation

Another aspect about which the customer must have adequate information is insurance procedure and documentation. During the survey, therefore, a question was asked in this regard. The responses thus obtained are presented in summarized manner in Table 6. An inspection of the table reveals that the customers have moderate rate of knowledge about various rules and complaint filling and claim settlement procedure. The above mentioned is true irrespective of sector concerned. The table further offers that there is no significant difference between the customers of public and private sector insurance companies in so far as the level of knowledge about procedure of insurance companies in general insurance is concerned.

Table 6: Sector-wise Level of Knowledge regarding various Rules and Procedures

Level of knowledge about	Mean		Standard Deviation		t-value	P-value
	Public	Private	Public	Private		
a) Various rules	2.7717	2.9217	1.09747	0.92763	-1.373	0.171
b) Claim settlement procedure	3.0380	3.2349	1.13738	.83062	-1.833	0.068
c) Complaint procedure	2.9239	2.7771	1.34476	1.02913	1.138	0.256

Thus, it can be concluded on the basis of mean score of both sectors the level of knowledge regarding various rules and complaint procedure of general insurance companies is neither very high nor very poor but at moderate level.

4.3.2 Impact of Occupation on Information about Rules and Procedures

The data on inter-occupation variation of respondents regarding level of information about various rules and complaint settlement procedure are available in Table 7. It is clear from the table that salaried and retired people have more information than others about rules and procedures of general insurance. The f-value is significant at .01 percent level which indicates that the information level of the respondents belonging to different occupations differs significantly.

Table 7: Occupation-wise Information about Rules and Procedures

Information about	Business	Salaried	Self-employed	Retired	Student	F-Value	P-Value
a) Various rules	2.6831	3.2075	2.0000	3.3043	2.9524	13.531*	.000
b) Claim settlement procedure	3.1408	3.1698	2.5946	3.6087	3.2143	4.180*	.003
c) Compliant procedure	2.6831	3.0849	1.8108	3.3913	3.4762	14.480*	.000

* F-Value is significant at 0.01 level.

4.4 Sources of Information about Insurance Policies

Next question raised during the survey was about the sources of information such as insurance agents, advisors, friends, relatives and printed audio-visual medias regarding the general insurance policy. Here also, the responses were obtained on 5 point scale denoting rank one for very low information, two for poor information, and five rank for very high information from a source. The independent sample t-test was applied to test the significance of difference between the opinion of public sector and private sector customers. The results are exhibited in Table 8.

Table 8: Level of Information supplied by various sources regarding Insurance Policies

Information about insurance policies	Mean		Standard Deviation		t-value	P-value
	Public	Private	Public	Private		
a) Insurance agent	3.3967	3.6566	0.91746	.76049	-2.867*	0.004
b) Consultant or advisor	3.0924	3.1627	0.81458	.86202	0.784	0.434
c) Friends/Relatives	3.0707	2.9880	0.88114	.88754	0.874	0.383
d) Media	3.2772	3.2892	0.96060	0.94105	0.118	0.906

* t- Value is significant at 0.1 levels.

A glance through this table shows that the mean scores of private sector and public sector on information about insurance policies from insurance agents are 3.6566 and 3.3967 respectively. The t-value is -2.867, which is significant at .05 percent level. It indicates that the respondents of private sector obtain comparatively more information about insurance policies from insurance agents than that of public sector.

The mean score on information about insurance policies from consultant or advisor in private sector (3.1627) is higher than in public sector (3.0924), but the difference of mean score is not found statistically significant. As regards the information about insurance policies from friends/relatives, the mean score in public sector is found 3.0707 which is higher than that in private sector (2.9880). The t-value is 0.874, which is not statistically significant. The mean score of information about insurance policies from media is almost same in both public sector (3.2772) and private sector (3.2892).

The mean score is very close to 3 in each case of source of information. As 3 falls in the center at the five point scale, it can be concluded that the various sources are neither offering very high level of information nor very low, but at an average level. Sector-wise comparison indicates that insurance agents of private companies provide more information than that supplied by the agents of public sector companies' in general insurance business.

5. FINDINGS OF THE SURVEY

About the level of awareness regarding insurance policies and company name, the finding shows that the awareness of the customers is at moderate level. It is even below average regarding electronic insurance. The above response is true irrespective of the sector concerned. However, the customers of private sector general insurance companies are more aware than those of the public sector.

In so far as the level of knowledge about procedures and documentation is concerned, the result of the study shows that the customers have moderate rate of knowledge about various rules, complaint filling and claim settlement procedure. The above mentioned findings are true irrespective of sector concerned.

Regarding the source of information for respondents, the study indicates that the various sources such as insurance agents, advisors, friends, relatives and printed audio-visual medias are neither offering very high level of information nor very low, but at an average level. Sector-wise comparison indicates that insurance agents of private companies provide more information than that supplied by the agents of public sector companies' in general insurance business.

As regards the impact of occupation on level of awareness, the mean score range between 3 to 4 regarding awareness about insurance policies and company name amongst various occupational groups except self-employed group. The above refers that the insurance customers have just moderate level of information about insurance companies, their products and technology. The salaried persons are having the highest level of information followed by retired, and businesspersons. The awareness level amongst the self-employed is the lowest.

About the information regarding rules, claim settlement and complaint procedure, the result indicates that the occupation has influenced on level of information amongst customers. Salaried and retired people have information about rules and procedure of general insurance companies than others.

IMPLICATIONS FOR MANAGERS

- Every insurance organization that aims to provide awareness and knowledge may have to develop an excellent Total Customer Care programme to suit to be specific requirements of its target customers. Each customer expects himself to be treated with courtesy. The organization should evolve an appropriate customer care programme, which provides personalized care to all the customers and would lead towards effective customer retention.

- As the level of awareness about various aspects of insurance services is average and it is even below average regarding electronic service, the insurance companies must have simple, open, efficient customer friendly communication system. The customer must feel free to contact the organization at any point of time and get any sort of their problem solved.

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