A Study On Rural Insurance Policyholders' Satisfaction In Dindigul, Tamil Nadu

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INTRODUCTION

The business of insurance is related to the protection of the economic value of assets. It is a means of providing protection against financial loss in a great variety of situations. It is a co-operative method for spreading over the loss caused by one or more, caused by a particular risk, over a number of persons who are exposed to it and who agree to insure themselves against that risk[1]. It is observed that the essence of insurance is to share losses and substitute certainty by uncertainty.

Insurance plays a vital role in the modern society. Life insurance assures to replace income lost to a family, if the policy holder meets with an untoward incident. Fire insurance pays all or part of the loss if the insured property is destroyed by fire. Motor vehicle insurance compensates the cost of damages resulting from an accident. Now-a-days, people can also avail insurance to cover unusual types of financial losses. Dancers have insured their legs against injury. Motion picture producers have even insured the lives of animals starring in their films[2]. The desire for security is sought to be safe by taking all the precautions possible to avoid or prevent the consequences of risk[3]. The rural insurance protects the interest of rural people. Insurance is a mechanism that helps to reduce adverse consequences.

GENERAL INSURANCE IN INDIA - A REVIEW

The first General Insurance Company namely, Triton Insurance Company Limited was established in Calcutta in 1850. Mainly, the British held almost all its shares. The first Insurance Company to be set up by Indians for transacting all classes of general insurance business was the Indian Mercantile Insurance Company Limited that was in 1907.The British and other foreign insurers had a good share of insurance business, about 40 per cent at the time of independence. This share declined progressively thereafter.

In 1957, the General Insurance Council, a wing of the Insurance Association of India framed a code of conduct for ensuring fair conduct and sound business practices in general insurance industry. Further, in order to increase the changes of retention of general insurance business in India, the insurers started a reinsurance company namely, India Reinsurance Corporation Limited in 1956, to which they all voluntarily ceded 10 per cent of their gross direct business.

In 1968, the Insurance Act was amended again to provide for extension of social control over insurers' transaction general insurance business. There were far-reaching changes leading towards a modern piece of legislation, which came into force on 1st June 1969. However, before they could be effectively implemented, management of non-life insurers was taken over by the Central Government in 1971 as a preclude to nationalization. The General Insurance Corporation and its four subsidiaries thus came into being from 1st January 1973.

The nationalization of life insurance business and creation of LIC in 1956 was followed by the nationalization of general insurance business and formation of GIC and its subsidiaries in 1973. Adopting of the Insurance Act 1938 was greatly modified by the nationalizing enactments and Government notifications issued there under. Most of the regulatory functions were taken away from the controller and were vested in LIC and GIC themselves.

The Insurance Sector was opened up to new players in August 2000. The last eight years have witnessed the Indian Insurance Industry playing catch-up with international developments. Insurance Regulatory and Development Authority (IRDA) has been able to script a smooth opening up process. According to sections 32B and 32C of the Insurance Act, 1938, insurers are obliged to provide such percentages of business as may be specified by the IRDA, for persons in the rural sector or social sector, workers in the unorganized or informal sector, for economically vulnerable or backward classes of the society. This paves way for promoting insurance in rural areas.

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STATEMENT OF THE PROBLEM

Indian agriculture has been experiencing a substantial impact of Green Revolution since mid-sixties and consequently, a significant breakthrough has been achieved in production and productivity. The Government of India has launched various economic programmes for the benefit of small farmers, marginal farmers, agricultural laborers, etc. Since 1980, all these programmes have been integrated into Integrated Rural Development Programme. The main objective of the programme is to provide to a target group of rural families, a package of assistance comprising of income generating assets, working capital, etc. through subsidy, institutional credit, etc. Special insurance schemes are also framed by the general insurance companies to protect the interest of rural people.

Crops, Cattle, Poultry etc., are insured because they are likely to die/get destroyed through an accidental occurrence such possible occurrences that will create financial losses for the farmers. To compensate the loss, insurance protection is needed. The accidental occurrences are called perils. Fire, floods, breakdowns, lightning; earthquakes, diseases are some examples of perils. Insurance does not protect the asset, it does not prevent its loss due to the perils. Only economic and financial losses can be compensated.

The development of rural insurance does not merely depend upon simply introducing various types of products in the market but also depends upon the level of satisfaction derived by the policyholders. There are many issues which are considered relevant for better marketing. Therefore, in this study, an attempt is made to assess the level of satisfaction of policyholders with rural insurance schemes and to identify the factors influencing the same.

SCOPE OF THE STUDY

The scope of study is restricted to rural insurance schemes which are offered by general insurance business houses. It covers the level of satisfaction derived by the policyholders from rural insurance schemes and identifies the factors influencing the same.

OBJECTIVES OF THE STUDY

The main objective of the study is to measure the level of satisfaction of policyholders with rural insurance schemes. Under this objective, the following specific objectives are taken up for the study.

1. To study the various rural insurance policies offered by the general insurance companies.
2. To assess the level of satisfaction of policyholders with rural insurance schemes.
3. To identify the factors influencing the satisfaction of policyholders.
4. To offer suggestions based on the findings of the study.

HYPOTHESES

The following hypotheses have been set up to indicate the direction in which the research study should proceed.

- **Age influences the level of Policyholders' Satisfaction.**
- **Education influences the level of policyholders' satisfaction.**
- **Marital Status influences the level of policyholders' satisfaction.**
- **Nature of Policy influences the level of satisfaction.**
- **Length of period influences the level of satisfaction.**
- **Income influences the level of satisfaction.**
- **Occupation influences the level of satisfaction.**
- **Awareness influences satisfaction.**

SOURCES OF DATA

The present study is based on both primary and secondary data. The main source of primary data have been the rural insurance policyholders in Dindigul, Tamil Nadu. To elicit information from the policyholders, a schedule was designed and administered. The schedule was pre-tested and suitable modifications were carried out. The schedule was used for collecting information from the policyholders in Dindigul. The secondary data were collected from various books, records of insurance companies and journals.

SAMPLING DESIGN

The present study has followed the convenient sampling method for the research work. Out of the 370 villages in Dindigul, four villages have been selected to be included in the sample as convenient sample basis at the rate of one village from each of the four directions and name of the villages which were selected by convenient sampling is given below:

Table 1

S1.No.	Direction	Name of the village selected
1.	East	Vembarpatty
2.	West	Tharumathupatty
3.	South	Narasingapuram
4.	North	R.Kombai

The information was collected from 75 policyholders from the selected villages. Care was taken by the researcher to include all the categories of policyholders so that the sampling would represent the characteristics of the population.

RURAL INSURANCE

Rural insurance policies comprise of the insurance of the livestock, plantation and horticultural crops. Market agreements have been formulated by the General Insurance Companies for the insurances of cattle, crop, sheep, poultry etc. An attempt is made to provide particulars regarding certain rural insurance schemes.

CATTLE INSURANCE

The word 'Cattle" for the purpose of the insurance policy refers to the Milch Cows, Milch Buffaloes, Skid bulls and Bullocks, whether indigenous, exotic or cross bred, within the prescribed age limit. Cattle insurance policy prescribed by the agreement provides indemnity for death due to accident, diseases, surgical operation, riots etc. In the event of death of an animal, immediate intimation should be sent to the insurance company. The claimant has to furnish the duly completed claim form, death certificate obtained from qualified veterinarian, ear tag etc. It is noted that ear tag applied to the animal should be surrendered. The general insurance companies follow the principle of "No Tag, No Claim". It is observed that claim is not entertained if the tag is not submitted.

POULTRY INSURANCE

'Poultry' for the purpose of the insurance policy refers to a) layers, b) broilers and c) parent stock (exotic and cross-bred only). The policy prescribes age limits and minimum number of birds to be insured. The policy provides indemnity against death of birds due to accident or disease contacted or occurring during the period of insurance. The sum insured is fixed as per the valuation chart for layers and broilers. This policy prescribes 'no-claim' discount and discount for good features of the farms. Claims are admissible only if the mortality due to insured peril in the flock exceeds the 'excess' limit prescribed. For example, for broilers, 5 per cent of the population in each batch is the 'excess' limit. The claimant has to furnish the claim form, postmortem examination report for sample birds, daily record of mortality, purchase invoices for the birds etc.

CROP INSURANCE

The crop insurance policy applies to the horticulture crops like grape, banana, mushroom, coconut and citrus. Plantations like rubber, oil palm, teakwood, tea and tissue culture. The subject matter covered for horticulture crop is fruits and for plantations are trees. The insured is the individual farmer, whether owner or tenant. However, a policy may be issued in the name of a registered body of farmers formed for the purpose of procurement of input, marketing of produce, etc. The period of crop insurance policy is crop duration (one season) or twelve months, whichever is shorter. The sum insured is based on the cost of cultivation of the crop. The policy includes a specific crop wise clause which provides a percentage scale of costs of inputs corresponding against various stages of cultivation. The amount of claim payable is in respect of cost of inputs and is determined with reference to this scale and subject to certain conditions.

POLICYHOLDERS' SATISFACTION

Policyholders' satisfaction is an essential and a crucial factor that determines the growth and development of

insurance. It induces the researcher to identify the factors that influence policyholders' satisfaction. For this, eight factors that are related with satisfaction are selected. The satisfaction is measured through a scale called 'Policyholders' Satisfaction Scale'. This scale is based on a scoring scheme in which each factor responsible for satisfaction is awarded a score and the total scores are estimated for each sample of policyholder.

Satisfaction of the Policyholders relating to the various factors influencing satisfaction is abstract and qualitative. It cannot be measured directly. It can be measured only indirectly through their opinions or responses to various factors. A scale by name 'Policyholder's Satisfaction Scale' has been constructed to measure the level of satisfaction of each policyholder-respondent. This scale contains 27 items relating to various factors of rural insurance schemes.

The responses of the sample respondents to the 27 items have been recorded. The policyholders' satisfaction scale has a maximum score of 135. The respondents have been grouped into three categories namely (i) Low satisfaction (ii) Medium satisfaction and (iii) High satisfaction. This classification is done according to "Mean + SD" criterion. Policyholder's scoring up to 54 are treated as having low satisfaction, policyholders with total scores between 59 and 82 come under the medium level satisfaction category and policyholders scoring above 82 are considered highly satisfied.

ANALYSIS OF DATA

The sample policyholders are divided into three categories based on their respective scores. The distribution of respondents according to their levels of satisfaction is shown in the Table 2.

Table 2: Distribution of sample of policyholders on the basis of their level of satisfaction

Sl.No.	Level of Satisfaction	No. of Policyholders	Percentage
1	Low	13	17.33
2	Medium	48	64.00
3	High	14	18 67
	Total	**75**	**100**

It is observed from the table 2 that 13 policyholders have low satisfaction. It works out to 17.33 per cent. There are 48 policyholders whose satisfaction level is medium (64%). Highly satisfied policyholders are 14(18.67%). The average satisfaction score is 68.67. The maximum score is 135. It is found from the table that a majority of the respondents (64%) have only medium level of satisfaction. The factors influencing satisfaction of the policyholder's were studied with the help of Two-way tables, percentage, averages, and correlation analysis of variance. The simple correlation analysis made in the study is given in the Table 3.

Table 3: Simple Correlation of Selected Factors With Satisfaction

S.No.	Factors	Correlation Co-efficient	Table value "r"	Significance
1	Age	0.637	0.226	Significant
2	Education	0.061	0.226	Not Significant
3	Marital Status	0.312	0.226	Significant
4	Nature of Policy	-0.064	0.226	Not Significant
5	Period	0.180	0.226	Not Significant
6	Income	0.124	0.226	Not Significant
7	Occupation	-0.452	0.226	Significant
8	Awareness	0.247	0.226	Significant

The study reveals that there is a significant relationship between four factors with satisfaction. It is statistically proved that there is a significant relationship between satisfaction and the variables of age, marital status, occupation and awareness. Hence, the hypotheses- age, marital status, occupation and awareness influence the satisfaction hold good.

INTER CORRELATION

The inter-correlation among the eight selected factors is given in the Table 4. The relationship of Satisfaction (Y) with the factors Education (X2), Nature of Policy (X4), Period(X5), and Income (X6) are not significant.

Table 4: Inter Correlation among Independent variables

Y	X1	X2	X3	X4	X5	X6	X7	X8
S	.637	.061	.312	-.064	.180	.124	-.452	.247
X1		.0172	.326	.286	.078	.164	.057	.256
X2			.233	.058	.227	.433	.144	.120
X3				.102	.264	.237	.024	.250
X4					.125	.293	.226	-.118

							X5		.074	.101	.133
							X6			.050	.350
							X7				.443
Table Value of Correlation = 0.226											

● The relationship of Age (X1) with Marital Status (X3), Nature of Policy(X4), and Awareness(X8) are significant.
● The relationship of Education (X2) with Marital Status (X3), Period (X5), and Income (X6) are significant
● The relationship of Marital Status (X3) with Period (X5), Income(X6) and Awareness (X8) are significant. The relationship of Nature of Policy (X4) with Income (X6), and Occupation (X7) are significant.
● The relationship of Period (X5) with all other factors is not significant. The relationship of Income (X6) with Awareness (X8) is significant. The relationship of Occupation (X7) with Awareness (X8) is significant.
● The Partial regression co-efficient of the four factors with policyholders satisfaction are significant indicating that the four factors individually contribute significantly to variations in policyholders' satisfaction when the influences of other factors are kept constant. As R2 value is 0.68, the percentage of predictability of policyholder's satisfaction in terms of these factors is 68 %.

Table 5: Multiple Regression Analysis of Eight Factors with Satisfaction

S.No	Factors	Partial Regression	SE of Partial Regression	"t" Value	Significance
1	Age	1.476	1.637	0.902	Significant
2	Education	-1.498	1.535	-1.627	Not Significant
3	Marital Status	3.406	2.540	1.341	Significant
4	Nature of Policy	0.267	2.880	0.197	Not Significant
5	Period	-0.385	1.771	-0.443	Not Significant
6	Income	-0.366	1.831	-0.746	Not Significant
7	Occupation	1.527	1.430	1.068	Significant
8	Awareness	-1.300	1.215	-0.721	Significant
R2 = 0.68					

Percentage of predictability = 68 %

As the Partial Regression Co-efficient of four of the above factors is significant, the Multiple Regression analysis has been repeated for the four significant factors and the results are given in the Table 6.

Table 6: Multiple Regression Analysis of Four Factors with Satisfaction

S.No.	Factors	Multiple Regression	SE of Multiple Regression	"t" Value	Significance
1	Age	1.367	1.235	0.994	Significant
2	Marital Status	3.179	2.845	2.312	Significant
3	Occupation	1.504	1.258	1.022	Significant
4	Awareness	-1.303	1.296	-1.520	Significant
R2 = 0.6329					

Percentage of Predictability = 62.39%

Percentage of Predictability = 62.39% The Multiple Regression Co-efficient of four factors with Policyholders Satisfaction has shown that all the four factors individually contribute significantly to the variation in Policyholders' Satisfaction when the influences of other factors are kept constant. The percentage of predictability of policyholder's satisfaction in terms of four factors is 62.39%. This is normally less than that, in terms of eight factors (68%). This clearly indicates that the other factors have very little influence on Policyholders' Satisfaction.

SUGGESTIONS AND CONCLUSION

As policyholder's awareness has been found to influence their level of satisfaction, the insurance company should come forward to present advertisements in regional language. It will create awareness in the minds of public at large.
Exhaustive market survey, consumer education programme, effective advertising campaign, customer grievance cell and effective after sales service are some of the suggestions offered for the improvement in marketing of rural insurance.
It is also found that the unclaimed discount is available only for poultry insurance. The present study suggests that the unclaimed discount may be extended to all types of insurances.
The study suggests that the United India Insurance Company should take necessary precautionary measures at the time of scrutinizing the proposals and processing the claims to reduce the amount of expenses.
The study also suggests that endowment cattle insurance policy, as applicable to human life insurance, may be introduced to attract more rural people. It is worthy to state that this was attempted in India as early as in 1913 in the

province of Coorg where cattle insurance has made some progress.

It is worthy to suggest that the state comes forward with a measure of offering insurance coverage at a concessional rate to all rural people.

The researcher presents this study with the fervent hope that this will draw the attention of the academicians and the management of insurance companies.

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