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## Policyholders Perception towards Online Insurance a Pilot Study in Mumbai

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### Abstract

The emergence of new financial technology and growth of outsourcing services in insurance creates highly competitive market conditions which have a critical impact on consumer behaviour. Hence, it is the need of the hour for the insurance sector, to better understand their customer's attitudes towards technology in general, to enhance increased satisfaction of their customers using online insurance. If they succeed, insurance companies will be able to influence and even determine customer behaviour, which will become a major issue in framing appropriate strategies in the future. This study explores the perception of customers on the online insurance. It also tries to identify the level of satisfaction towards online insurance. The study also aims at understanding customer attitude towards the service quality dimension set by the insurance companies in general and the extent of customer satisfaction derived. The paper concludes with the suggestion to adopt specific measures to enhance the online initiatives to drive the growth further.

**Keywords:** Internet banking, Customer Satisfaction, On-line Insurance, Service Quality, liberalization.

### 1. Introduction

The insurance industry of India consists of 52 insurance companies of which 24 are in life insurance business and 28 are non-life insurers. Among the life insurers, Life Insurance Corporation (LIC) is the sole public sector company. Apart from that, among the non-life insurers there are six public sector insurers. In addition to these, there is sole national re-insurer, namely, General Insurance Corporation of India. Other stakeholders in Indian Insurance market include agents (individual and corporate), brokers, surveyors and third party administrators servicing health insurance claims.

### Insurance Market Size

India's life insurance sector is the biggest in the world with about 36 crore policies which are expected to increase at a compound annual growth rate (CAGR) of 12-15 per cent over the next five years. The insurance industry plans to hike penetration levels to five per cent by 2020, and could top the US\$ 1 trillion mark in the next seven years. The total market size of India's insurance sector is projected to touch US\$ 350-400 billion by 2020 from US\$ 66.4 billion in FY13.

### Government Initiatives

Three key social security schemes had a nationwide launch in May 2015, the schemes - which include accident insurance, life insurance and a pension plan -- target the people from the economically deprived and the unorganised sections, The Pradhan Mantri Jeevan Jyoti Bima Yojana will offer a renewable one-year life cover of Rs 2 lakh to all savings bank account holders in the age group of 18-50 years covering death due to any reason, for a premium of Rs 330 per annum. The Pradhan Mantri Suraksha Bima Yojana will offer a renewable one-year accidental death-cum-disability cover of Rs 2 lakh for partial/permanent disability to all savings bank account holders in the age group of 18-70 years for a premium of Rs 12 per annum per subscriber. Atal Pension Yojana will focus on the unorganised sector and provide subscribers a fixed minimum pension of Rs 1,000, Rs 2,000, Rs 3,000, Rs 4,000 or Rs 5,000 per month, starting at the age of 60 years, depending on the contribution option exercised on entering at an age between 18 and 40 years.

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### The Digital Marketing of insurance products

Today, the digital revolution of the marketplace allows much greater customization of products, services, and promotional messages than older marketing tools. By doing so, it enables marketers to build and maintain relationships with customers. Over a period of a decade or so, the digital revolution has introduced several drastic changes into the business environment

- Consumers have more power than ever before.
- Consumers have access to more information than ever before.
- Marketers can offer more services and products than ever before
- The exchange between marketers and customers is increasingly interactive and instantaneous.
- Marketers can gather more information about consumers more quickly and easily. Impact reaches beyond the PC-based connection to the Web.

### Sources/Ways to Conduct Internet Marketing



### Review of Literature

A study conducted by Keerthi, P. and Vijayalakshmi, R. (2009)<sup>[1]</sup> "A Study on the Expectations and Perceptions of the Services in Private Life Insurance Companies" reveals that the policyholders' expectations are well met in the case of certain factors reacting to service quality. But in the case of other variables, there exists a significant gap which means that policyholders have experienced low levels of service as against their expectations.

According to Kunz (1997)<sup>[2]</sup> ease in using the Internet as a means of shopping positively impacted the consumer's online shopping behavior. Product promotions attempt to influence the consumers' purchasing behavior.

Blattberg & Wisniewsk, (1989)<sup>[3]</sup>. Like other retail methods, online channels have various promotional tools such as corporate logos, banners, pop-up messages, e-mail messages, and textbased hyperlinks to web sites. These types of promotions have positively affected Internet buying.

Zhang, Jansen, and Chowdhury (2011)<sup>[4]</sup> specified that businesses should have a brand presence on many different social media sites to increase their consumer audience. "Research has shown that exposure to electronic word of mouth (EWOM) messages can generate more interest in a product category than can exposure to information produced by marketers"

Yasser Mahfooz, *et al.* (2013)<sup>[5]</sup>, in their research articles titled "A Study of the Services Quality issues of internet

banking in Non-metro Cities in India", confirms that non users can be converted into users by proper education on the services available and assuring them of the secure environment.

### Statement of the Problem

Nowadays internet has become indispensable part of marketing, in some international markets as high as 30% of motor insurance is transacted online. All retail insurance products such as cars, bikes, health, and travel, home, personal, accident and critical illness insurance are available online with instant real-time policy issuance. Even though online insurance benefit customers in many ways still many people do not trust the insurance through internet. There are some frauds or proxy websites which can hack information. Due to the above problems the customers highly hesitate to make use of the online insurance service offered by the insurance companies. At this backdrop, following questions stand as challenges for the entire insurance industry operating in online.

1. What is the source of awareness of the insurance customers?
2. What factors influence a customer to adopt online insurance services?
3. What are the determinants of customer satisfaction on online insurance services and
4. What problems are faced by the customers in online insurance?

### Objectives of the Study

Based on these questions the following objectives were framed for the study.

1. To study the socio economic profile of the customers and their association between various factors and their level of awareness towards online insurance.
2. To study the on-line insurance Awareness and buying behaviour of the consumers
3. To analyse the variables influencing customer satisfaction on on-line insurance
4. To identify the problems faced by customers on on-line insurance and suggest suitable measures to improve quality of on-line insurance services.

### Research Methodology

The study was conducted in western Mumbai which consists of and mainly the areas from Bandra to Borivalli, in Mumbai. Primary data were collected through questionnaire and field work. Secondary data were collected from government records, newspapers, business magazines, websites and some important sources of information used in this work. The main reason for choosing Mumbai city is that investigator is located here and is familiar with the people. The study includes all categories of respondents. The respondents were selected on the basis of non- probability convenience sampling. Statistical tools used for the study area.

1. Two-Way Classification Table
2. Chi-square test
3. Hendry Garrett Ranking Technique.

**Data Analysis & Interpretation**

**Table 1:** Demographic Profile of the Respondents

Factors	Classification	Frequency	Percent
1.Age	i)18-29	47	32
	ii)30-49	56	36
	iii)50-64	38	26
	iv)65&Above	09	06
	Total	150	100
2.Marital Status	i)Married	98	65
	ii)Unmarried	52	35
	Total	150	100
3.No. of Members in the Family	i)1-3	64	43
	ii)4-6	49	34
	iii)7&Above	33	23
	Total	150	100
4.Gender	i)Male	87	58
	ii)Female	63	42
	Total	150	100
5.Educational Qualification	i)SSC&Below	21	14
	ii)HSC/Deg/Dip	59	39
	iii)Post grad	45	30
	iv)Professional	25	17
	Total	150	100
6.Employment	i)Business	23	15
	ii)Private sec	65	43
	iii) Govt	33	22
	iv) Professional	13	09
	v)Retired	09	06
	vi)Any other	07	05
	Total	150	100
7.Annual Income	i)Below 2,50,000	33	22
	ii)2,50,000-5,00,000	67	45
	iii)5,00,000-7,50,000	35	22
	iv)Above7,50,000	15	10
8.Annual Expenditure	i)Below 1,50,000	27	18
	ii)2,00,000-3,50,000	64	43
	iii)3,50000-500000	29	19
	iv)Above500,000	30	20
	Total	150	100
9.Annual Insurance Premium	i)Below25,000	22	15
	ii)25,000-50,000	49	33
	iii)50,000-75,000	45	30
	iv)Above 75,000	34	22
	Total	150	100

Source: Primary Data

**Chi-square Test for Customer Satisfaction**

With a view to find the degree of association between the selected independent factors of sample respondents and their level of satisfaction towards online insurance a two-way table was prepared and the result is presented in the following table.

**Table 2:** Age and Level of Satisfaction on Online Insurance

S.No	Age	level of satisfaction			Total
		low	Moderate	High	
1	18-29	6(15.79)	8(21.05)	24(63.16)	38
2	30-49	15(26.32)	12(21.05)	30(52.63)	57
3	50-64	13(35.14)	14(37.84)	10(27.03)	37
4	65&>	2(20)	6(60)	10(20)	18
	Total	36	40	74	150

Source: Primary Data

On the basis of it is identified from the above table 2 that the highest percentage of satisfaction is enjoyed by the respondents in the age group of 18-29 with 63.16%.

**Table 3:** Marital Status and Level of Satisfaction on Online Insurance

S.No	Variables	level of satisfaction			
		Low	Moderate	High	
1	Married	29(39.73)	19(26.03)	25(34.25)	73
2	Unmarried	21(27.27)	33(42.86)	23(29.87)	77
	Total	50	42	48	150

Source: Primary Data

It is identified from the table-3 that the higher level of satisfaction is enjoyed by married people with 34.25% and in case of unmarried it is 29.87%.

**Table 4:** Education and Level of Satisfaction on Online Insurance

S.No	Qualification	Low	Moderate	High	Total
1	SSC&Below	7(31.82)	8(36.36)	7(31.8)	22
2	HSC/Degree	5(11.36)	9(20.45)	30(68.18)	44
3	Post Grad	5(9.43)	10(18.87)	38(71.69)	53
4	Professional	8(25.81)	9(29.03)	14(45.16)	31
	Total	25.00	36	89	150

Source: Primary Data

It is identified from the table-4 that the higher level of satisfaction is enjoyed by respondents with post graduates qualification with 71.69% and in case of graduates who come next to post graduate is 68.18%.

**Table 5:** Income and level of Satisfaction on Online Insurance

S. No	Income	Low	Moderate	High	Total
1	BelowRs.2,50,000	6(18.18)	7(21.21)	20(60.61)	33
2	Rs.2,50,000-5,00,000	17(25.37)	29(43.28)	21(31.34)	67
3	Rs5,00,000-7,50,000	6(17.14)	12(34.2)	17(48.57)	35
4	<Rs.750000	2(13.33)	6(40)	7(46.67)	15
	Total	31.00	54	65	150

Source: Primary Data

It is found from the table-5 that the higher level of satisfaction is enjoyed by respondents withRs5,00,000-7,50,000 income groups with 48.57% and respondents with above Rs 7,50000income annually comes in second highest level of satisfaction.

**Table 6:** Employment and Level of Satisfaction on Online Insurance

S.No	Employment	Low	Moderate	High	Total
1	Business	8(34.78)	5(21.74)	10(43.48)	23
2	Private sector	4(8.16)	12(24.49)	33(67.35)	49
3	Government	10(25)	11(27.5)	19(47.5)	40
4	Professional	7(36.84)	5(26.32)	7(36.84)	19
5	Retired	9(47.37)	2(10.53)	8(42.10)	19
	Total	38	35	77	150

It is identified from the table-5 that the higher level of satisfaction is enjoyed by the respondents working for the private sector organisation with 67.35% and in case of respondents working for government organisation it is found to be 47.50%.

**Table 8:** Customer Satisfaction With Regard to Service Quality Dimension

S. No	Variables	Scale value	5	4	3	2	1	Total
1	Easy accessibility of information through websites	FX	320	172	63	26	9	590
2	Branding/Visual appeal of the product and services	FX	160	168	111	52	13	504
3	Premiumand fees for services and riders	FX	140	144	126	64	12	486
4	Reliability & Security of services rendered	FX	320	124	63	46	11	564
5	Clarity of service procedure/policies	FX	115	136	177	48	10	406
6	Availability of productsto different consumer segments	FX	240	144	90	52	10	536
7	Ability to complete quick delivery of the process	FX	140	124	153	56	12	485
8	Employees skill and ability to solve customer grievances	FX	95	148	117	72	19	451
9	Ability to finalise claim settlement online	FX	85	92	84	108	28	397
10	Ability to comply with IRDA guidelines	FX	295	148	75	38	10	566

Source: Primary Data

The above statements were used to understand the priority given by the company to establish strong service quality to influence the customers on various issues on online

**Chi-square Test Analysis**

**Hypothesis**

**H0:** There is no significant relationship between selected independent factors and level of satisfaction regarding the online insurance consumers.

**H1:** There is a close significant relationship between selected independent factors and level of satisfaction regarding the online insurance consumers.

In order to find the relationship between the selected factors and their level of satisfaction, a chi-Square test was used and the result of the test is shown in the following table.

**Table 7:** Chi-Square Test

Factors	CalculatedX2	Table value	D.F	Significant level
Age	12.98	12.592	6	5
Marital status	5.0295	2.386	2	5
Education	15.982	12.592	6	5
Income	13.674	12.592	6	5
Employment	12.9774	12.592	6	5

Source: Primary Data

It is clearly identified from the above table7 that the calculated chi-square value is greater than the table value in all the variables and the result is significant at 5% level. Hence, the null hypothesis is rejected for all the variables. That is, from the analysis, it is concluded that there is a close relationship between the selected independent variables and level of satisfaction regarding the online insurance consumers.

**Service Quality Dimension and Customer satisfaction**

In order to analyse the satisfaction of policy holders towards the various aspect of online insurance it was decided to select 10 variables which are highly related to the service quality in terms of reliability, security, timely performance of service, claim settlement, product pricing, employees skill, service policies and compliance with IRDA guideline etc.policy holders pinions were taken by the use of 5 point scale with different options/weightssuch as Strongly Agree-5,Agree-4,Neutral-3,Disagree-2,Strongly Disagree-1.

The customers were given 10 choices and according to the weighted score assigned to the various statements their priority was ranked.

**Table 9:** Ranking of Customer Satisfaction Factors According to Service Quality Dimension

Statement	Weighted score	Rank
1	590	1
2	504	5
3	486	6
4	564	3
5	406	9
6	536	4
7	485	7
8	451	8
9	397	10
10	566	2

Source: Primary Data

Table: 9 reveal the ranking of the service quality issues faced by the customers according to the perception of customer, it shows that Easy accessibility of information through websites were the most preferred area by the customers. Ability to comply with IRDA guidelines to bring positive opinion on customer is given second preference. Reliability & Security of services rendered was the third choice and availability of products to different consumer segments comes in fourth priority according to the customer choice. Ability to finalise claim settlement online was the least priority of most of the policy holders.

**Findings of the Study**

The study came out with interesting findings, they were as follows

- The respondents of age group 30-49 were found to be maximum in these study with 36%. degree/diploma holders were found to be at maximum number in this study (39%). maximum respondents are working for the private sector organization (43%). Also it is found that maximum number of the respondents were in the income range of 2.5 lakhs to 5 lakhs (45%).
- That is, from the analysis, it is concluded to be a close relationship between the variables such as age, marital status, income, qualification, employment and level of satisfaction regarding the online insurance consumers.
- It is understood from the study that respondents give more priority for the information availability through websites and brochures for knowledge and instant decision making.
- Need to comply with IRDA guidelines and the application of insurance laws for fair business practices are the next major preference of the respondents in insurance business. Reliability & Security of services rendered was also the very important area to positively engage online insurance transaction with companies.

**Suggestions**

The study prefer to offer the following suggestions,

- Companies must provide frequent updates of their online insurance services to customers
- The procedure for usage of online transaction must be in simple mode
- The processing speed should be increased for fast use of all services
- The pages setup and procedure for registration should be simple

**Conclusion**

Undoubtedly on-line insurance is a strong catalyst for the economic development and in order to enhance the propensity to use online insurance as a primary channel, it must be tailored suiting to the need of the customer. As more and more customers adopt the internet for their insurance transactions. It becomes important for management of insurance companies to be innovative in their approach to meet customer requirements.

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