

A STUDY ON CUSTOMERS' AWARENESS AND SATISFACTION OF PRODUCTS AND SERVICES OFFERED BY THE GENERAL INSURANCE COMPANIES IN THE NILGIRIS DISTRICT

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Abstract

The General Insurance industry has played an unparalleled role in creating access to financial services and to protection. Supported by the largest health insurance programme globally, the industry prides itself on having added over three million beneficiaries in a short span of six years. Further, a majority of the beneficiaries are from the below poverty-line segment, which goes a long way in contributing to the policy objectives of universal financial inclusion. This study probes only the general insurance policyholder's preference and problems with special reference to the general insurance companies of the Nilgiris district.

Keywords:

Development, Environment, Globalization, Policyholder

1. INTRODUCTION

Insurance has become an essential part in the complex modern world as the scope for risk has increased enormously in every occupation. This has led to growth in the Insurance business and the evaluation of various types of Insurance covers. The Insurance sector also acts as a mobilizer of savings, financial intermediary, and a promoter of investment activities. It plays a significant role in economic development of a country, while economic development itself can facilitate the growth of the Insurance sector [1].

An individual is exposed to various risks in daily life and it will surprise one to note how many of these can actually be insured. General insurance companies offer a variety of products covering different types of risks. Not only is there a dearth of knowledge about these but also most individuals are not aware of the value that Insurance, as an option, could add to their lives. While the affordability factor, and an individual's priority for Insurance are important aspects why some do not opt for insurance, the lack of awareness about the types of Insurances available and the inability to perceive Insurance as a protection tool are other reasons why a few have chosen to remain uninsured [2].

All stakeholders have the responsibility of creating this awareness. Insurance is an important tool in the overall financial planning purview of any individual's life. It assists in mitigating the financial impact of the risks faced by individuals. The stature of Insurance these days has risen that it is fondly termed as life assurance and has ceased to be only a "protection" or a "Legacy" for the family and has turned into an important investment option. Insurance is a professional service, which is characterized by high involvement of the consumers. Due to the importance of delivering customized solutions, it is mandatory to involve the consumers in every aspect of the transaction to accentuate variety into the products available and to define the complexity of the policies and processes. All these characteristic features cause customers to seek long-term relationships with their Insurance agents, their service providers, in order to reduce risks and uncertainties [3].

India is fast emerging as a strong economy and a global power in the world. It is experiencing rapid development and growth. The Insurance sector in India is nearly 150 years old. All industries are registering considerable growth and Insurance is no exception. In fact, it is the most booming industry among all the others because of the high Indian population and low Insurance penetration levels. When the world Insurance market was on the verge of stagnation due to saturation of business, it is the Indian market that showed tremendous potential for many insurers. The major factors responsible for the sector's tremendous growth are introduction of new products, innovation, channels for their distribution and penetration of various insurers, particularly private insurance companies into the markets, which were hitherto uncovered [4].

Insurance sector [10]-[15] is now in the third phase of its existence. The first phase was the long growth phase before the two nationalizations in 1956 and 1971 of long life and general insurance respectively. In the second phase, the entire sector became a state monopoly. In the third phase, India now has several new private sector players competing with large public sector insurers. Based on the current trends, it seems that in 10 years, the market will have about 35 to 40 players, equally distributed between life and general insurers that operate in India [5].

1.1 GLOBAL HISTORY OF GENERAL INSURANCE

The growth of Insurance industry is associated with the general growth of industry, trade and commerce. The origin of Insurance services may be traced back to the 14th century in Italy when ships carrying goods were covered under different perils. The systematic and orderly beginning of the Insurance industry took place in Lloyds Coffee House, Tower Street, London, UK. In developing countries, Insurance sector has assumed special significance as it has the potential to speed up the rate of growth of the economy [6]. Insurance Industry assists the development process of an economy in several ways. Primarily, it acts as a mobilizer of savings, financial intermediary promoter of investment activity, stabilizer of financial market, risk manager and an agent to allocate capital resources efficiently. Although the Insurance industry has grown rapidly in the industrialized countries. Its growth in developing countries has neither been satisfactory nor in tandem with the growth of other sectors of the economy. The twelve most industrialized countries in the world still account for 88% of global premium volume [7].

The share of developing countries is extremely low. The slow growth of Insurance services in developing countries calls for an in-depth analysis of the nature and pattern of the evolution of these services and policies pursued to develop the Insurance industry and the constraints thereof need close examination [8].

1.2 INDIAN HISTORY OF GENERAL INSURANCE

Regrettably, the Indian insurance industry has lagged behind even amongst the developing countries of the world. Although general insurance services started in India about 150 years ago, their growth has been dilatory, as reflected by low insurance penetration and density. Several factors are responsible for this state of affairs, the chief being the monopoly status of the industry until recently. The life insurance business was nationalized in 1956 and the general insurance industry in 1973. The lack of competition has impeded the development of insurance industry in India, resulting in low productivity and poor quality of customer services. The process of liberalization and globalization of the Indian economy started in earnest in mid-1980s. The market mechanism was the motivating factor underlying the new economic policy [9].

In consonance with the new economic policy, Insurance sector was opened up for the private sector in 1999. The new competitive environment is expected to benefit the consumers, industry and the economy at large. The consumer has a greater choice in terms of number and quality of products, low premium rates, efficient after sales services while the economy will benefit in terms of larger flow of savings, increased availability of investible funds for long-term projects, enhanced productivity and growth of multiple debt instruments. Life Insurance had its beginning in ancient Rome, where citizens formed burial clubs that would meet the funeral expenses of its members as well as help survivors by making its payments. The first stock company to get into the business of Insurance was chartered in England in 1720. In the year 1735 saw the birth of the first insurance, company in American Colonies in Charleston. In 1759, the Presbyterian Synod of Philadelphia sponsored the first Life Insurance Corporation in America. However, it was after 1840 that Life Insurance really took off in a big way. The 19th century saw huge developments in the field of Insurance with the newer products being devised to meet growing needs [10].

The history of Insurance in India is somewhat dark. The earliest reference of life insurance was available in the days of East India Company, when only the British officers took the policies. British officers issued the policy in sterling currency.

Oriental was the first foreign Insurance company established in India in 1818. Initially, the foreigners, orphans and widows were the subject matters of the Oriental company. Later, since 1934, it started accepting the Indians due to the efforts of Babu Muttylai seal.

'Bombay Life' was a company that issued short-term policies for 2-3 years in 1823. Raja Ram Mohan Roy advocated the protection of Indian widows through government Insurance. Bombay Mutual Life Assurance Society was established by some prominent citizens of Bombay in 1871. The European merchants also started the Bombay Insurance Society in 1893 through voluntary efforts. Curstjee Furdoonju was the first insured person of India. This policy was insured in 1848 by royal Insurance, which was started in 1845. It was the beginning of the Indian insurance venture.

1.3 CURRENT POSITION OF GENERAL INSURANCE IN INDIA

The General Insurance industry's performance is influenced significantly by the interplay between various related elements-

customers, the individual insurer's capabilities, the industry acting in collaboration and external stakeholders such as policy makers/regulators and other related stakeholders (e.g., reinsurers, third-party administrators, healthcare and motor insurance providers). This interplay shapes industry performance and determines how it fares on its three-core objectives— providing universal access and coverage; returning value to shareholders; and ensuring a superior experience for customers. An assessment of the current position of the industry indicated that it has some way to go in terms of performance against these three core objectives.

- Providing universal access and coverage
- Delivering returns to shareholders
- Ensuring superior customer experience and building loyalty

1.4 OPPORTUNITIES AND CHALLENGES

Insurance is a contract between two parties whereby one party called insurer undertakes in exchange for a fixed sum called premium, to pay the other party called insured a fixed amount of money on the happening of certain event(s). Insurance indemnifies assets and income. Every asset (living and non-living) has a value and it generates income to its owner. The income has been created through the expenditure of effort, time and money. Every asset has expected lifetime during which it may depreciate and at the end of the life period it may not be useful, until then it is expected to function. Sometimes it may cease to exist or may not be able to function partially or fully before the expected life period due to accidental occurrences like burglary, collisions, earthquakes, fire, flood, theft etc. these types of possible occurrences are called 'risks'. Future is uncertain; nobody knows what is going to happen? It may or may not? Insurance is the concept of risk management the need to manage uncertainty because of above stated risks. Insurance is a way of fully or partially financing the insured in the face of such risks. Insurance business in India can be broadly divided into two categories namely Life Insurance and General Insurance or Non-Life Insurance.

In the coming years, insurers would face the most difficult challenge to provide returns as compared to other financial options. Return on investment is going down, therefore there is pressure on insurance companies to produce better operational results to safeguard the interest of insuring. Public investment regulation should ensure that both security and profitability requirement are respected. It should promote the diversification, spread and liquidity of investment portfolios as well as the maturity and currency matching of assets and liabilities. Regulation must include a list of admitted assets on which ceilings may be set and requirement on the way in which investment should be valued. Public insurance companies have been showing their persistent faith in government securities. Investment management should consider increasing investment in equity as the long-term option, especially when the stock market is doing well by substantial positive results. IRDA should allow securitized assets as an eligible investment option, with the objective to achieve optimization of return and immunization of risk. There is a need to replace the traditional approach of investment with the dynamic quality initiatives.

The investment management of fund requires multifaceted skills for assessing the characteristics of the liabilities and

aspirations of the policyholders, and other factors, which have a bearing on the investment policy for identifying relevant asset allocation strategies, and/or assets and putting strong organization in place for efficient management of funds.

The future growth of insurance industry depends on continuing macroeconomic stability, sound irrigation and avoidance of company failures and scandals that would improve the good reputation of the industry.

Two new draft Insurance bills are under consideration. These aim to modernize its legal team work and address most of the current gaps in regulation and the responsibilities of directors, on internal control and risk management systems, and on the duties of actuaries and auditors. They also require the creation of separate subsidiaries for engaging in loan term and general insurance.

1.5 OBJECTIVES OF THE STUDY

- To analyze factors that influence the policyholders in selecting a General Insurance Company and its policy.
- To find out the problems faced by the General Insurance policyholders during the claim settlement in The Nilgiris District.

1.6 STATEMENT OF THE PROBLEM

Insurance sector plays a vital role in the development of any economy and social life of the people by providing long-term funds for infrastructural development and at the same time strengthening the risk-taking ability of the public. In fact, Insurance companies are the ideal sources of generation of long-term funds for all-round development of the economy. Customer satisfaction is fundamental to the well-being of individual customers, to the profits of firm supported through purchasing and patronization and to the stability of economic and political structure.

Earlier in India, awareness of General Insurance was low. The earnings of many of the people of India was not enough even for their livelihood. They gave priority to their food, health and education. An Indian customer like his global counterpart buys policies for tax benefits and ensures secure savings for future. In India, Insurance has been assumed as status of necessity in one's life. Rarely, Insurance was recognized as the multi-dimensional protection instrument. Insurance in India is popular only as an investment opportunity and not as a pure risk cover. Most of the Insurance products offered by Insurance Companies focus on providing the customers with an opportunity for investment and the customers are aware of the products through agents, whose objective and expectation from the company are to generate commission rather than rendering quality of service and making the product features more transparent to the customer's.

The General Insurance Companies in India are posing healthy competition among themselves, offering numerous products and services. Unfortunately, these Insurance Companies miserably fail to reach the people's attitudes towards their products and services. Most of the people have understood that the term Insurance is a forced activity by an Insurance company. They never bother about risk and uncertainty that happening in normal life. At the same time, the Insurance companies fail to disclose the awareness about the risks, uncertainty and its level of losses to the

public. Furthermore, the consumer Service is the ability of an organization to constantly and consistently give the customer what they need and expect.

1.7 SCOPE OF THE STUDY

The survey has been confined to six Public General Insurance Companies and Twenty-One Private General Insurance companies in the Nilgiris District. There are 27 companies offered general Insurance business in India. At the time of the survey, only the above public and private general Insurance companies have operated more than five years in the Nilgiris District. This study could benefit other General Insurance companies to gauge and enhance their customer satisfaction level with improved service performance.

2. RESEARCH METHODOLOGY

The Study surveys the General Insurance policyholder's preference and problems with special reference to the General Insurance Companies of the Nilgiris District.

2.1 HYPOTHESES OF THE STUDY

- There is no significant difference in the weighted average mean score of awareness about various policies of Public and Private General Insurance Companies by the policyholders.
- There is no significant difference in the overall mean score of preference for selecting the Company among the Public and Private General Insurers.
- There is no significant difference in the overall mean score of preference for the branch among the Public and Private General Insurers.

2.2 SOURCES OF DATA

Primary data was collected from the Public and Private General Insurance Company's policyholders of The Nilgiris District with the help of interview schedule method. Secondary data was collected from annual reports, journals, magazines, website and books.

2.3 POPULATION PERIOD OF THE STUDY

The population defined for this study is limited to General Insurance policyholders in the Nilgiris District of Tamil Nadu. Three hundred respondents at the rate of fifty from each Taluk were selected for the study according to the convenience sampling method. The researcher has conducted the survey for twelve months from December 2016 to November 2017.

2.4 TECHNIQUES OF THE ANALYSIS

The statistical tests used in the study include percentage analysis, mean, standard deviation, and Henry Garrett rank and reliability analysis.

2.5 LIMITATIONS OF THE STUDY

- As a convenience sample was used, the results of the study are only representative of those who participated in this

research. This imposes limitations on the generalization of the results of the study.

- The study is purely based on the policyholders' opinion. The researcher felt that the policyholders might express a biased opinion, which may limit the validity of the study.

3. REVIEW OF LITERATURE

Kavitha, et al. [1] examined the customer attitude towards the General Insurance. A study has been conducted at Erode district with the sample of 750 respondents to find out the influencing factor of the policy holders in the study area. The study revealed the respondents are highly satisfied with the factors like product price, accessibility of the officers/agents, notifications for the renewal of policy, response time, attitude of Surveyor, motivation given by the officials to buy the policy, after sales contact maintained by the development officers/agents, attitude of the agent while guiding the claim settlement, company's attitude in settling claims, amount settled by the company (relative worth of the amount), moral support, and convenient service. The respondents are satisfied with the factors like, courtesy of the staff, quick settlement of claims, knowledgeable contact persons, and the promptness in issuing the policy.

Ashfaque Ahmed, et al. [2] evaluated the quality of insurance services in India through customers' assessment, with the objective of finding how this can be used to boost the demand for insurance, which is presently low in India. Questionnaire was administered to a wide spectrum of insurance policy holders in India to know their perception of the quality. Descriptive analysis such as percentage and table presentations was used to analyze the collected data. The study revealed that the customers of insurance companies in India considered the prompt claim settlements as the most important factor that determined the quality of the policies. The study therefore recommended that the culture of delay in premium payment or non-payment should be stopped and organizations should look inward to see the reasons why the payment of premium is a problem.

Priya, et al. [3] concluded that the Indian health insurance industry is growing at a fast pace and so are the issues and challenges linked to bringing in synergy within the system. With the rising health care cost, increase in disposable income and high out-of-pocket expenditure for funding healthcare, the only way forward for financing healthcare in a country like India is through health insurance mechanism.

Desai, et al. [4] found out the factors, which affect the customer satisfaction of general insurance companies. Total 400 respondents have been taken by applying non-probability convenience sampling method. The findings of the factor analysis show that six factors namely 'attention to customer's need', 'administrative service', 'employee service', 'convenient service', 'physical features' and 'facilities' have led to customer satisfaction in general insurance companies in Surat city. From the findings, it can be concluded that policyholders of general insurance companies are satisfied with services of companies.

4. PROFILE OF THE RESPONDENTS

The Table.1 shows that all the nine factors for selecting the policies are reliable on the Cronbach's alpha coefficient, which is

0.736. It is greater than the threshold level of 0.70. It has provided good estimates of internal consistency reliability and the coefficient alpha values ranges from 0.639 to 0.783 for all the constructs that the above scales used in this study are reliable. It clearly indicates that the above scale items are consistent with each other and they are the reliable measures of the respondent's preference for the public general Insurance companies.

Table.1. Reliability Scales - Factors Related to the Policyholder's Preference for Public Sector Insurance companies

Sl. No.	Policies	Scale Mean if item Deleted	Cronbach's Alpha if Item Deleted
1	Shifting Investment	28.90	0.701
2	Known Agent	28.90	0.694
3	Prompt Service	29.60	0.713
4	Friend's recommendation	28.70	0.717
5	Easy Accessibility	28.00	0.783
6	Coverage of Risk	29.20	0.639
7	Tax Purpose	29.40	0.758
8	Own Interest	29.10	0.713
9	Others	29.00	0.688
Mean			32.60
Variance			44.50
Std. Deviation			6.56
Cornbach's Alpha based on Standardized items			0.710
Cornbach's Alpha			0.736
No. of items			9

Source: Computed based on the Primary Data

Table.2. Reasons for Preferring General Insurance

Sl. No.	Reasons	Public Sector GIC Policy Holders		Private Sector GIC Policy Holders	
		No.	Percentage	No.	Percentage
1	Shifting Investment	07	04.67	08	5.33
2	Known Agent	14	09.33	14	9.33
3	Prompt Services	11	07.33	12	8.00
4	Friends Recommendation	20	13.33	17	11.33
5	Easy Accessibility and Financial Soundness	28	18.67	40	26.67
6	Coverage of Risk	26	17.33	25	16.67
7	Tax Purpose	13	8.67	09	6.00
8	Own Interest	14	9.33	10	6.67
9	Friends / Relatives in General Insurance	13	08.67	13	8.67
10	Advice of Friends / Relatives	04	2.67	02	1.33
Total		150	100.00	150	100.00

The Table.2 shows that out of 150 policyholders in public sector General Insurance companies 28 of them prefer companies "Easy Accessibility and Financial Soundness". 26 of them prefer "Coverage of Risk" and 20 of them prefer "Friends Recommendation". As far as the private sector General Insurance companies are concerned, out of 150 policyholders, 80 of them prefer "Easy Accessibility and Financial Soundness", 25 of them prefer "Coverage of Risk" and 17 of them prefer "Friends Recommendation".

It is perceived that among several reasons, most of the Policyholders preferred General Insurance due to the Risk Coverage and Easy Accessibility and Financial Soundness of both Public and Private General Insurance companies.

Furthermore, the Garret ranking technique was used to rank the reasons and problems according to its urgency of rectification. In this method, the policyholders were asked to give ranks according to the magnitude of the urgency for rectification. The order of merit given by the respondent was converted into ranks by using the following formula.

$$\text{Percentage position} = 100 \times (R_{ij} - 0.5) / N_j$$

where,

R_{ij} = Rank given for i^{th} factor by j^{th} individual

N_j = Number of factors ranked by j^{th} individual

The percentage position of each rank thus obtained is converted into scores by referring to the table given by Henry Garrett. Then for each factor the scores of individual respondent are added together divided by the total number of consumers for whom scores were added. These mean scores for all the factors are arranged in the descending order, ranks are given and most important problems are identified.

Table.3. Reasons for Preferring General Insurance Company

Sl. No.	Reasons	Public Sector GIC Policy Holders		Private Sector GIC Policy Holders	
		No.	Percentage	No.	Percentage
1	Friends Advice	06	4.00	14	9.33
2	Prompt Payment	32	21.33	22	14.67
3	Financial Advices by the company	21	14.00	08	5.33
4	Risk Coverage	4	2.67	13	8.67
5	Financial Soundness	38	25.33	29	19.33
6	Better Service	28	18.67	34	22.67
7	Better Customer Relationship	8	5.33	18	12.00
8	Friends / Relatives in the Company	7	4.67	4	2.67
9	Dissatisfaction with the Present Company	6	4.00	8	5.33
Total		150	100.00	150	100.00

Source: Primary Data

The Table.3 describes that out of 150 respondents 38 prefer public Insurance companies for its "Financial Performance", while 28 of them prefer "Better Service", and 32 of them prefer "Prompt Payment". As far as the private Insurance companies are

concerned, out of 150 respondents, 34 of them prefer Better services, 29 of them prefer financial performance or Soundness and 22 of them prefer their "Prompt Payment".

It is observed from the Table.3 that most of the policyholders of public and private General Insurance companies prefer them for their "Financial Soundness" and "Better Services".

Table.4. Reasons for Preferring Branch

Sl. No	Reasons	Public Sector GIC Policy Holders		Private Sector GIC Policy Holders	
		No.	Percentage	No.	Percentage
1	Nearness to Residence	14	9.33	13	8.67
2	Nearness to Workplace	12	8.00	12	8.00
3	Known Agent	18	12.0	16	10.67
4	Friends / Relatives in General Insurance	20	13.33	28	18.67
5	Prompt Services	26	17.33	34	22.67
6	Advice of Friends / Relatives	24	16.00	13	8.67
7	Good Customer Relationship	13	8.67	16	10.66
8	Only branch Available	14	9.33	16	10.66
9	Other (Specify)	09	6.00	2	1.33
Total		150	100.00	150	100.00

Source: Primary Data

The Table.4 describes that out of 150 respondents, 26 prefer public Insurance companies for "Prompt Service, 24 of them prefer Getting Advice from their friends and relatives, 18 of them prefer their own Agent, and 20 of them prefer Relatives in the General Insurance companies. As far as Private sector general Insurance companies, out of 150 respondents 34 prefer Prompt Service, 28 prefer Friends and relatives are working in General Insurance companies, and 16 prefer their well-known agent".

It is observed from the above inferences, that among several reasons, most of the Policyholders preferred their branch due to the prompt service rendered to the policyholders by both the private and public General Insurance companies.

Table.5. Non-Parametric Test - Mann Whitney Two Sample Test Statistics

Company	Sample Size	Mean Rank	Sum of the Ranks	Test Statistics U	Z	P-value
Public	150	307.79	92337	53975	-1.352	0.127*
Private	150	292.71	87812			

*Insignificant at 5% level

H_0 : There is no significant difference in the overall mean preference for general

It is identified from the Table.5 that the p -value is higher than the table value ($p > 0.05$) and the results are not significant. Hence,

the null hypothesis is accepted and it is concluded that the policyholders of the public and private general Insurance companies gave overall equal preference for the General Insurance policy.

Table.6. Response on Problems

Sl. No.	Problems solved	Public Sector GIC	Percentage	Private Sector GIC	Percentage
1	Yes	141	94.00	94	62.67
2	No	09	06.00	56	37.33
Total		150	100.00	150	100.00

Sources: Primary Data

The Table.6 exposes the response rate of general Insurance companies. In public general Insurance companies, there are 141 respondents, of whom 94% felt that their problems are solved by the companies, while the remaining 6% felt that their problems are not resolved/considered. As far as private sector is concerned, there are 94 respondents felt that their problems solved and the remaining 37.33% felt that their problems had not been considered and not resolved.

5. FINDINGS

- The study reveals that the majority of the policyholders are male.
- The study reveals that the majority of the policyholders are married
- The study revealed that the majority of the policyholders belong to the nuclear family environment.
- It clearly indicates that the above scale items are consistent with each other and they are the reliable measures of the respondent's preference for the public general insurance companies.
- It is perceived that among several reasons, most of the policyholders preferred general insurance due to the risk coverage and easy accessibility and financial soundness of both public and private general insurance companies.
- Most of the policyholders of public and private general insurance companies decided on the insurer for their "financial soundness" and "better services".
- It is observed from the above inferences, that among several reasons, most of the policyholders preferred their branch due to the prompt service rendered to the policyholders by both the private and public general insurance companies.
- It is concluded that the policyholders of the public and private general insurance companies gave overall equal preference for the general insurance policy.
- 94% of the respondents felt that their problems are solved and remaining 37.33% felt that, their problems had not been considered and not resolved.

6. SUGGESTIONS

- Both the Public and Private General Insurance Companies should be given detailed information about the benefits,

importance and scope of the General Insurance to the female too. Further, for creating the awareness about the General Insurance in the minds of female leads to help increase the policyholders in all respects.

- It is observed that most of the policyholders of Public and Private General Insurance Companies sought them for their "Financial Soundness" and "Better Services". Therefore, the General Insurance Companies should improve their financial services and service quality.
- The general insurance companies should offer more choices for their existing products to the existing customers and that will help to sustain their existing customers and make further investment in the same companies.
- The general insurance companies should ensure better branch office location good reputation in the market, sound financial strength and Regular correspondence with agents by meeting, accurate product line to increase satisfaction in the study area.
- The area of significant improvement possible, applies to the following areas, technical advancement of insurance, employee clean appearance, convenience in premium payment, customer awareness programmes, commitment and ethical behavior.
- The study reveals that most of the respondents have faced the major problems, namely final claim formalities are more tedious, delay in the settlement of the claim amount and legal requirements delay the claiming process in the private sector insurance companies. In the case of private general insurance companies most of the respondents have reported that delay in the settlement of the claim amount, final claim formalities are more tedious and legal requirement delays the claiming process are their major problem. Therefore, both the public and private sector insurance companies should resolve the problems to increase customer satisfaction.

7. CONCLUSION

The general insurance industry in India is at a critical juncture of its evolution. General Insurance has grown at close to 20% over the last 5 years and reached an annual premium of Rs. 70,000 crores in the fiscal year 2013. However, penetration levels are low, leaving much scope for growth. The business environment for the industry has been challenging, given the overall slowdown in the economy, weak investment stream and the changes accompanying the de-tariffed regime. The industry is burdened with growing underwriting losses as claims ratios are well above international benchmarks.

However, a number of positive developments have also taken place during these turbulent times. Retail lines have seen strong growth in the recent past as customers are becoming increasingly aware of the benefits of general insurance. The road to profitability would require players to reassess all aspects of their business models from pricing, products, risk management, customer acquisition and distribution. Progress would undoubtedly require concerted efforts by the players to become globally competent in claims and operations.

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