

POLICY HOLDERS' PERSPECTIVES ON OPERATING MOTOR INSURANCE POLICIES BY ORIENTAL INSURANCE COMPANY

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Abstract: *Motor insurance contributes to one third of the premium income for the General Insurance industry in India. The growth of the economy and consequently, the standard of living of the people, further supported by the increased choice for the customer and entry of large number of automobile players led to a sharp increase in motor insurance. The main aim of the motor insurance is to protect the people from the loss arising out of accident. It covers loss made vehicle. The awareness of the people towards Insurance is low in India generally it is very difficult to create the buying attitude among the prospective buyers towards the different kinds of insurance. The General Insurance Corporation finds it difficult to identify and to make the clients believe the concepts of Insurance Policy. At the same time, the policy will be valued for only one year. The lack of insurance awareness is the main problem in general insurance particularly in motor insurance. Vehicle owners buy it only on the compulsion of the financing institution and regional transports office where the vehicle is registered. It is a mandatory provision that every vehicle owner should take a motor policy. Hence a study on motor insurance of the Oriental Insurance Company Limited in Sivakasi is carried out to analyze the policyholder's attitude.*

The present study has been undertaken with the primary objective of analyzing the attitude of the policyholder's towards Motor Insurance Company in the study area. The investigation encompassed an extensive survey to obtain primary data from sample respondents of 50 respondents' customers in sivakasi. The interview schedule covered all the activities related to personal data, details about motor insurance and the suggestion for improvement of motor insurance. Based on the findings of the study, the OIC is suggested to introduce new products, advertise the benefits of taking the motor insurance policy, introduce on-line premium payment portals and introduce on-line renewal system and the like. These kinds of studies will surely kindle a competitive environment for General Insurance Industry.

Introduction

Motor insurance contributes to one third of the premium income for the General Insurance industry in India. The growth of the economy and consequently, the standard of living of the people, further supported by the increased choice for the customer and entry of large number of automobile players led to a sharp increase in motor insurance. Motor insurance gives protection to the vehicle owner against – damages to his/her vehicle and pays of any third party liability determined as per law against the owner of the vehicle. Third party insurance is a statutory requirement. The owner of the vehicle is legally liable for any injury or damage to third party life or property caused by or arising out of the use of the vehicle in a public place.

Review of Literature

Fatima Alinvi and Maira Babri , in their project submitted for the International Business Program titled as “Customers’ Preferences of Insurance Services” analysed how the insurance companies could enhance their ability of meeting the constant changes in customers’ preferences in an increasingly competitive environment.

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

Statement of the problem

The awareness of the people towards Insurance is low in India generally it is very difficult to create the buying attitude among the prospective buyers towards the different kinds of insurance. The General Insurance Corporation finds it difficult to identify and to make the clients believe the concepts of Insurance Policy. At the same time, the policy will be valued for only one year. The lack of insurance awareness is the main problem in general insurance particularly in motor insurance. Vehicle owners buy it only on the compulsion of the financing institution and regional transports office where the vehicle is registered. It is a mandatory provision that every vehicle owner should take a motor policy. Hence a study on motor insurance of the Oriental Insurance Company Limited in Sivakasi is carried out to analyze the policyholder's attitude.

Scope of the Study

Motor insurance is compulsory insurance policy for every person possessing a vehicle, which covers the risk for uncertain events. The customer has to know the terms and conditions before taking the policy. This paper highlights the attitude of the policy holders of motor insurance policies offered by Oriental insurance company towards the terms and conditions of the policies, premium, accidental benefits and claims settlement.

Objectives of the Study

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

Research Methodology**Data collection**

The main source of information for this study is based on the data collection. Data collected are both primary and secondary in nature.

Primary Data

Primary data have been directly collected from the clients of Oriental Insurance Company by survey method through a structured questionnaire. Questions like close ended, multiple choice, dichotomous and ranking type have been used for the purpose of data collection.

Secondary Data

Secondary data have been collected from official website of Oriental Insurance Company and also from other official websites related to Motor Insurance policy.

Sampling Design

The survey is made selected 50 policyholders of the Oriental Insurance Company in Sivakasi branch.

Methodology and Tools

In this paper the researcher used percentage analysis and ranking method.

Limitations of the Study

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

Analysis and Interpretation

In this article, the researcher has made an attempt to discuss the policyholder's attitude towards the motor insurance policies of Oriental Insurance Company. The analysis is based on the primary data collected from 50 sampled respondents through an Interview schedule. The researcher has analyzed the attitude of the motor insurance policy towards the study unit on various aspects.

Demographic Profile of the Respondents**Gender of the Respondents**

The gender wise classifications of policy holders are necessary for the present study because the vehicles are used by both male and female respondents.

Table1
Gender of the Respondents

Gender	No of respondents	Percentage
Male	26	52
Female	24	48
Total	50	100

Source: Primary Data

From the above Table 1, it is clear that out of 50 respondents, 26 respondents (52 percentage) are male and 24 respondents (48 percentage) are female. It is understood that majority of the respondents are male.

Age of the Respondents

Age is an important factor influence the behavior of an individual. The researcher has examined the age group of the respondents who has taken the policy.

Table 2
Age of the Respondents

Age	No of Respondents	Percentage
Below 20	1	2
21-30	40	80
31-40	3	6
Above 41	6	12
Total	50	100

Source: Primary Data

From the above Table 2 it is clear that out of 50 respondents, only 1 respondent (2 percentage) is in the group of below 20 years, 40 respondents (80 percentage) are in the age group of between 21 to 30, 3 respondents (6 percentage) are in the age group of between 31 to 40 years and 6 respondents (12 percentage) are in the age group of above 41 years. It is understood that majority of the respondents are in the age group of 21 to 30.

Educational Qualification of the Respondents

Educational plays a vital role in all the business activities. In the competitive world, education contributes a lot in decision making. The education levels of the informants are shown in Table 3 as follows.

Table 3
Educational qualification of the respondent

Education qualification	No of respondents	Percentage
School Level	4	8
Diploma	8	16
UG	17	34
PG	21	42
Total	50	100

Source: Primary Data

From the above Table 3 it is clear that out of 50 respondents, 4 respondents (8 percentage) were educated up to school level, 8 respondents (16 percentage) were Diploma holders, 17 respondents (34 percentage) were UG graduates and 21 respondents (42 percentage) have completed PG of education. It is understood that majority of the respondents have completed PG.

Occupation of the Respondents

The consumption pattern of vehicle varies from one occupational group to another and their necessity also varies. A businessman needs heavy vehicles and also more number of vehicles for their business than a consumer with other occupation.

Table 4
Occupation of the Respondents

Nature of Occupation	No of respondents	Percentage
Students	12	24
Own business	23	46
Government job	7	14
Private job	8	16
Total	50	100

Source: Primary Data

From the above Table 4 it is clear that out of 50 respondents, 12 respondents (24 percentage) were Students, 23 respondents (46 percentage) were running their Own business, 7 respondents (14 percentage) were in Government job and 8 respondents (16 percentage) were in Private job. Hence majority of the respondents were running their own business.

Monthly Income of the Respondents

The monthly income of the respondents differs from business people and salaried individual. Monthly income of an individual determines their decision on premium payment. The following Table 5 shows the monthly income of the respondents.

Table 5
Monthly income of the Respondents

Monthly Income (in Rs.)	No of respondents	Percentage
Less than 10000	8	16
10000-20000	17	34
20000-30000	9	18
More than 30000	16	32
Total	50	100

Source: Primary Data

The above Table 5 clearly states that among the 50 respondents, 8 respondents (16 percentage) are earning a monthly income of less than 10000, 17 respondent (34 percentage) are earning RS.10000 to 20000 per month, 9 respondents (18 percentage) are earning RS.20000 to 30000 income per month and 16 respondents (32 percentage) were earning an income of more than Rs 30000 per month. Hence, most of the respondents are earning Rs 10000 to 20000 (34 percentages) per month.

Size of the Family

Family is one of the important aspects in deciding their stress levels, which influence the respondents to take policy. The data related to it is presented in the following Table 6.

Table 6
Size of the Family

Family	No of respondents	Percentage
2 members	4	8
2-4 members	30	60
4-6 members	16	32
More than 6 members	0	0
Total	50	100

Source: Primary Data

The above Table 6 clearly states that among the 50 respondents, 4 respondents (8 percentage) belong to a family with size of 2 members, 30 respondents (60 percentage) families constitute 2-4 members, 16 respondents (32 percentage) families consist of 4-6 members. It is concluded that majority of the respondents families constitute 2-4 members.

Policyholders Perception towards Motor Insurance

Type of vehicle owned by the Respondents

Motor Insurance Policies are taken on vehicles bike, auto and van, the policy premium amount differs. Hence details of various type of vehicles owned by the respondents are presented in the following Table 7.

Table 7
Type of vehicle owned by the Respondents

Particulars	No of respondents	Percentage
Auto	2	4
Bus	3	6
Car	12	24
Bike	38	76
Total	50	100

Source: Primary Data

It is clear from the Table 7 that 4 per cent of the respondents are having Auto, 6 percentage of the respondents had insured the Bus, 24 percentages of the respondents are having Car, and 76 percentages of the respondents are having Bike. It is clear from the above table majority of the respondents are having bike.

Duration of owning the vehicle

The duration of owning the vehicle by the respondents varies from person to person, hence it was studied and presented in the following Table 8.

Table 8
Duration of owning the vehicle

Particulars	No of respondents	Percentage
Less than 1 year	4	8
1-3 years	21	42
3-5 years	19	38
5-7 years	2	4
More than 7 years	4	8
Total	50	100

Source: Primary Data

From the above Table 8 it is clear that out of 50 respondents, 4 respondents (8 percentage) are owning the vehicle for less than year, 21 respondents (42 percentage) are owning the vehicle for 1-3 years, 19 respondents (38 percentage) are owning the vehicle for 3-5 years, 2 respondents (4 percentage) are owning the vehicle for 5- 7 years and 4 respondents (8 percentage) are owning the vehicle for more than 7 years. It is concluded that majority of the respondents are owning the vehicle for 1-3 years.

Type of policy taken by the respondents

In Motor insurance there are two types of policies are available. Package policy and Liability policy. **In package policy** it covers an insurance policy that includes more than two different kinds of coverage, for example, personal and commercial. **Liability policy** covers the legal liability for injury, death, and/or property damage caused to a third party in the event of an accident caused by or arising out of the use of the vehicle.

As there are various types of motor policies available, the type of policy taken by the respondent is presented in the Table 9.

Table 9
Type of policy taken by the respondents

Types of policy	No of respondent	Percentage
Package policy	36	72
Liability policy	14	28
Total	50	100

Source: Primary Data

The above Table 9 reveals that out of 50 respondents, 36 respondents (72 percentage) have taken the package policy and 14 respondents (28 percentage) have taken the liability policy. It is understood that majority of the respondents preferred liability policy. Hence, it is concluded that majority of the respondents have taken the package policy.

Persons who influenced the respondents to get insured

The respondents are influenced to get insured by various sources like Insurance agent, Vehicle Seller, Friends and Relatives and their self Interest which was studied and presented in the following Table10.

Table 10
Persons who influenced the respondents to get insured

Source of Influence	No of respondents	Percentage
Insurance agent	6	12
Vehicle seller	16	32
Friends and relatives	10	20
Self interest	18	36
Total	50	100

Source: Primary Data

From the above Table 10 it is clear that out of 50 respondents, 6 respondents (12 percentage) were influenced through the insurance agent, 16 respondents (32 percentage) have taken policy through the vehicle seller, 10 respondent (20 percentage) came to know about the policy through their of friends and relatives and 18 respondent (36 percentage) gathered in information's out of their own interest. It is understood that majority of the respondents are in the category of self interest (36 percentage).

Policyholders Perception towards Motor Vehicle Insurance using Friedman's Ranking Test:

The researcher has analyzed the perception of policyholders and the same is presented in Table 11.

Table 11
Perception of Policy Holders – Friedman Rank Test

Particulars	Average Rank	Rank
Risk avoidance	4.46	IV
Vehicle safety	5.24	II
Getting claims	4.36	V
Future security	4.69	III
Compulsion under Motor Vehicle Act	5.26	I

Source: Computed Data

Compulsion under Motor Vehicle Act was the first perception factor of the policyholders to choose the particular insurance company. Vehicle safety was ranked as the second factor to choose the insurance company, Future security was ranked as third factor, Risk avoidance was ranked as fourth factor and getting claims was the fifth factor. From the Friedman Ranking test it is found that majority of the policyholders prefer Compulsion under Motor Vehicle Act , Vehicle safety, Future security, Risk avoidance and the like.

Reasons for choosing the Oriental Insurance Company

To identify the reasons for choosing the Oriental insurance company as the insurer of the respondent an investigation has been made and its findings are enumerated in the table 12. The respondents' are asked to rank the reasons for each variables.

Rank 1- 5 point Rank 2- 4 point Rank 3- 3 point Rank 4- 2 point Rank 5- 1point

Table 12
Reasons for choosing the OIC -Weighted Average Method

Particulars	Total weight	Rank
Nearness of the premises	183	I
Reputation of good customer service	169	II

Wide range of insurance products	147	III
Fast settlement	139	IV
Kind service	119	V

Source: Computed Data

It is crystal clear from table 12 that Nearness of the premises is the reason for choosing the oriental insurance company as it got the first place and its score is 183 followed by Reputation of good customer service getting the second rank and its score is 169, then wide range of insurance products got the third rank with the score of 147, followed by fast settlement getting the fourth rank with score of 139 and finally the kind service is allotted with fifth rank and its score is 119.

Method of payment of premium

The researcher has analyzed the methods of payment of premium by the respondents which is presented in the Table

Table 13
Method of payment of premium

Particulars	No of respondent	Percentage
Through agent	6	12
Directly pay at the oriental insurance company branch office	31	62
Online payment	9	18
Friends and relatives	4	8
Total	50	100

Source: Primary Data

From the above Table 13 it is clear that out of 50 respondents, 6 respondents (12 percentage) are paying the premium through their agent, 31 respondents (62 percentage) make direct payment at the oriental insurance company branch office, 9 respondents (18 percentage) are paying through online and 4 respondents (8 percentage) pay their premium through friends and relatives. It is concluded that majority of the respondents make direct payment at the oriental insurance company.

Findings and Suggestions

Demographic Profile of the Respondents

- Majority of the respondents are male.
- Majority of the respondents are in the age group of 21 to 30.
- Majority of the respondents have completed Post Graduate.
- Most of the respondents were running their own business.
- Most of the respondents are earning Rs.10000 to 20000 per month.
- Majority of the respondent's families constitute 2-4 members.

Policyholders Perception towards Motor Insurance

- Majority of the respondents are having bike.
- Majority of the respondents owning the vehicle for 1-3 years.
- Majority of the respondents have taken the **package policy**.
- Majority of the respondents are in the category of self interest.
- Compulsion under Motor Vehicle Act was the first perception factor of the policyholders to choose the particular insurance company. Vehicle safety was ranked as the second factor to choose the insurance company, Future security was ranked as third factor, Risk avoidance was ranked as fourth factor and getting claims was the fifth factor. From the Friedman Ranking test it is found that majority of the policyholders prefer Compulsion under Motor Vehicle Act, Vehicle safety, Future security, Risk avoidance and the like.

Reasons for choosing the Oriental insurance company

- **Nearness of the premises** is the reason for choosing the oriental insurance company as it got the first place and its score is 183 followed by **Reputation of good customer service** getting the second rank and its score is 169, then **wide range of insurance products** got the third rank with the score of 147, followed by **fast settlement** getting the fourth rank with score of 139 and finally the **kind service** is allotted with fifth rank and its score is 119.
- Majority of the respondents make **direct payment** at the oriental insurance company.

Suggestions

Based on the findings of the study, the Oriental Insurance Company is suggested to introduce new products, advertise the benefits of taking the motor insurance policy, introduce on-line premium payment portals and introduce on-line renewal system and the like. These kinds of studies will surely kindle a competitive environment for General Insurance Industry.

Conclusion

Competition has already set in and public sector and private sector players should take steps to recapture the market according to the perception of the motor insurance policyholders. The future growth of the motor insurance sector will depend on how effectively the insurers are

able to come up with product designs suitable to our context and how effectively they are able to change the perceptions of the Indian consumers and make them aware of the insurable risks. The future growth of insurance also depends on how service oriented insurers are going to be.

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