



# **A STUDY OF CUSTOMER SATISFACTION ON MOTOR INSURANCE POLICIES - SPECIAL REFERENCE TO KERALA**

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## **Abstract**

The present study helps to understand the level of customer satisfaction of Motor Insurance Policy Holders on various motor insurance policies. It is one of the key sectors in the insurance industry. Insurance has evolved as a practice of protecting the interest of people from loss and uncertainty. It may be described as a social mechanism to diminish or eradicate risk of loss to life and property. Insurance sector contributes a lot to the economic growth of a society by creating steadiness to the performance in a nation. The insurance industries enlarge financial institutions and decrease uncertainties by developing the financial resources. Motor insurance is a distinctive insurance policy intended for vehicle owners to protect their vehicles from occurring any monetary losses that may happen due to damage or theft of the vehicle. The person those who have a private vehicle, a commercial vehicle, or a two-wheeler, can obtain a motor insurance policy. Different insurance companies offer different policies as well as packages to the customers. These packages helps the policy holders to reduce the risk associated with their vehicles to a very large extent.

**Key words:** Economic growth, Insurance, Insurance industry, Risk, Social mechanism,

## **Introduction**

The Insurance Regulatory and Development Authority (IRDA) has formulated guidelines that have to be adhered to, by any general insurance company offering motor insurance policies in India. Customers have to avail motor insurance policies only from companies registered with the IRDA. Motor insurance widely encompasses private car insurance, two-wheeler insurance, commercial vehicle insurance and all other types of insurance for road transport vehicles. In India, it is mandatory to own a motor insurance policy for any type of vehicle and driving a vehicle without a valid insurance plan is a punishable offence as per the Motor Vehicles Act, 1988. A certificate of insurance will be issued apart from the policy by the insurer according to Rule 141 of Central Motor Vehicle Rules 1989, when a motor insurance policy is availed.

The present article titled “A Study of Customer Satisfaction on Motor Insurance Policies -Special Reference to Kerala” was undertaken to examine whether the customers are satisfied with the motor insurance policies of the insurance sector in Kerala. The motor insurance policy holders are taken as the respondents for this study.

## Review of Literature

**Ramakrishna (2005)** in his article “To Bring That Smile- Consumer care as a competitive tool” reveals that the consumer is King and he pays for the insurer to treat him as such, and observes providing guidelines to achieve customer satisfaction. He also emphasises to ensure that the product provided is exactly what he has applied for. As insurance is not a tangible product, it is essential to ensure that his understanding of what he has purchased and the reality of the product he is buying are the same.

**Basavanthappa, et al (2009)** stated in their article “Policyholders’ Perception towards General Insurance Products”, about the policyholders Perception and attitudes and they examined the awareness level of customers towards the General insurance products and it was revealed that the respondents were aware of the basics of General insurance but were lacking the knowledge about various General insurance products and most of the respondents have bought General insurance policies only for tax savings.

**Kavitha, et al (2012)** examined the customer attitude towards the General Insurance and the study revealed that the respondents are highly satisfied towards the factors like product, price, Officers/Agents are easily locatable, Reminder for renewal of policy, Response time, Attitude of Surveyor, Motivation given by the officials to buy the policy, Contacts by the development Officers/Agents after issuing the policy, Agent’s attitude in 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 towards the factors like, Courtesy of staff, Speed in Claim settlement, Knowledge of the person dealing with you and Promptness in issuing the policy.

**Desai, et al (2016)** 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 shows that six factors namely ‘attention to customer’s need’, ‘administrative service’, ‘employee service’, ‘convenient service’, ‘physical features’ and ‘facilities’ have lead 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.

## Statement of the Problem

An acquisition of motor insurance policy is mandatory in our nation for any vehicle owner and it helps the policy holders to minimize the risk of losing money in case of any theft or damage to the vehicle. The policy holders can claim the insured money only by in case of any accidents or damages to the vehicle. Unlike life insure and health insurance which need to be taken only at the will of the policy holder, motor insurance policy is mandatory as per the law in India. Hence it is essential to understand whether the customers or policy holders are satisfied or not satisfied with the policies and packages offered by the companies. These aspect constitute the relevance of the present study.

## Objective of the Study

The main objective of the study is:

1. To analyze the satisfaction level of different motor insurance policyholders.

## Methodology

Both primary and secondary data were used for the study. Primary data was collected through a structured questionnaire. Convenient sampling techniques were used for selecting the sample respondents. Motor insurance policy holders were taken as the sample respondents and 305 respondents were selected for the study. Secondary data was collected from books, journals, publications, thesis and from various sites.

## Analysis and Discussion

This section is concerned with the analysis and interpretation of the collected data. This study was conducted with a main aim to evaluate the satisfaction of insurance policy holders on motor insurance policies.

## Reliability Statistics

**Table No: 1**  
**Reliability Statistics**

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.827	.831	85

Source: Primary Data

The reliability of the study was checked, using Cronbach's Alpha. According to 85 items, the Cronbach's Alpha coefficient is 82.7 per cent and the Cronbach's Alpha based on the standardized item is 83.1 per cent. This shows that the tool designed for administrating the data from the respondent group is comparatively reliable. The benchmark score is 70 per cent and the obtained Cronbach Alpha is 82.7 per cent which is found to be highly satisfied. This implies that all the statement included in the questionnaire are highly reliable and inevitable. Therefore, it is treated that all score is highly relevant for the present study.

## Demographic Profile

**Table No: 2**  
**Demographic Profile**

Profile	Category	Frequency	Percentage
<b>Gender</b>	Male	165	54.7
	Female	140	46.3
	<b>Total</b>	<b>305</b>	<b>100.0</b>
<b>Region</b>	Southern Region	113	37.0
	Central Region	97	31.8
	Northern Region	95	31.1
	<b>Total</b>	<b>305</b>	<b>100.0</b>
<b>Marital Status</b>	Married	275	90.2
	Unmarried	30	9.8
	<b>Total</b>	<b>305</b>	<b>100.0</b>
<b>Educational qualification</b>	Up to Plus Two	6	2.0
	Graduation	128	42.0
	Post Graduation	6	2.0
	Professional	165	54.1
	<b>Total</b>	<b>305</b>	<b>100.0</b>
<b>Occupation</b>	Business	18	5.9
	Professional	36	11.8
	Employee	205	67.2

Agriculture and Allied	46	15.1
<b>Total</b>	<b>305</b>	<b>100.0</b>

**Source: Primary Data**

The demographic profile of the respondents is shown in Table No: 2.

**Objective No: 1 To analyze the satisfaction level of different motor insurance policyholders.**

**H<sub>0</sub> : There is no significant difference in the satisfaction level of male and female respondents towards motor insurance policies.**

### Descriptive Statistics

**Table No: 3**  
**Descriptive Statistics**

Dependent Variables	Gender	N	mean	SD
Quality Product (QP)	Male	150	3.3077	1.1926
	female	140	3.1481	1.3258
Psychological Safety(PS)	Male	150	3.9923	1.2595
	female	140	4.7037	1.8456
Insurable Risk(IR)	Male	150	3.7500	1.2546
	female	140	3.5190	1.2584
Agents Motivation(AM)	Male	150	3.2540	1.3654
	female	140	3.2690	1.2548
Financial Securities(FS)	Male	150	3.4560	1.3695
	female	140	3.2140	1.2546
Coverage Meets Expectation(CME)	Male	150	3.1450	1.3654
	female	140	3.2580	1.2548
Individual Attention(IA)	Male	150	3.6540	1.3695
	female	140	3.8540	1.2546
Flexibility(F)	Male	150	3.8590	1.2548
	female	140	3.4820	1.3654
Reasonably Priced(RP)	Male	150	3.8540	1.2549
	female	140	3.4570	1.6549
Customer Relationship Management(CRM)	Male	150	3.0580	1.8546
	female	140	3.4980	1.3654

**Source: Primary Data**

Psychological Safety (PS) was found to be the most prominent attribute among female respondents ( $\bar{X} = 4.7037$ ). 'Customer relationship management is the least prominent attribute among female customers ( $\bar{X} = 3.0580$ ). The following hypothesis was tested.

**Table No: 4**  
**Independent Sample 't' test**

Test variables	Leven's test for equality of variance		T test for equality of means		
	F	Sig	t	df	Sig
Quality Product (QP)	0.031	.785	1.025	289	.248
Psychological Safety(PS)	2.308	.158	0.095	289	.897
Insurable Risk(IR)	5.162	.025	4.046	289	.000
Agents Motivation(AM)	7.425	.008	1.275	289	.204
Financial Securities(FS)	5.984	.014	0.310	289	.657
Coverage Meets Expectation(CME)	5.258	.018	0.772	289	.444
Individual Attention(IA)	0.185	.068	2.180	289	.031
Flexibility(F)	4.358	.038	0.770	289	.442
Reasonably Priced(RP)	0.784	.378	2.333	289	.022
Customer Relationship Management(CRM)	0.925	.348	0.139	289	.884

**Source: Primary Data**

A greater than 0.05 significance of F statistics fails to reject Levene's null hypothesis that variances are equal. In all such cases the t statistics of independent samples t test, when variances are unequal becomes irrelevant. The null hypothesis that there is no significant difference in the satisfaction of motor insurance holders across categories of gender fails to get rejected, at 5 per cent level of significance in the cases of insurable risk (.000, 4.046), individual attention (.031, 2.180) and reasonably priced (.022, 2.333). No statistically significant difference could be traced across categories of gender, in all the other cases.

**H<sub>0</sub> : There is no significant difference between satisfaction level of different educational groups towards motor insurance policies**

**Table No: 5**  
**The Satisfaction Level of Insurance Policy Holders**

Variables		Sum of Squares	df	Mean Square	F	Sig.
Quality Product	Between Groups	59.840	3	19.947	2.228	.079
	Within Groups	214.480	196	1.094		
	<b>Total</b>	<b>274.320</b>	<b>199</b>			
Psychological Safety	Between Groups	32.140	3	10.713	2.117	.070
	Within Groups	99.440	196	.507		
	<b>Total</b>	<b>131.580</b>	<b>199</b>			

<b>Insurable Risk</b>	Between Groups	25.001	3	8.334	1.038	.450
	Within Groups	203.219	196	1.037		
	<b>Total</b>	<b>228.220</b>	<b>199</b>			
<b>Agents motivation</b>	Between Groups	50.520	3	16.840	1.432	.310
	Within Groups	169.860	196	.867		
	<b>Total</b>	<b>220.380</b>	<b>199</b>			
<b>Financial Securities</b>	Between Groups	9.152	3	3.051	2.594	.015
	Within Groups	166.368	196	.849		
	<b>Total</b>	<b>175.520</b>	<b>199</b>			
<b>Coverage meets expectations</b>	Between Groups	25.232	3	8.411	11.339	.056
	Within Groups	145.388	196	.742		
	<b>Total</b>	<b>170.620</b>	<b>199</b>			
<b>Individual attention</b>	Between Groups	17.815	3	5.938	9.160	.030
	Within Groups	127.060	196	.648		
	<b>Total</b>	<b>144.875</b>	<b>199</b>			
<b>Flexibility</b>	Between Groups	33.121	3	11.040	12.472	.020
	Within Groups	173.499	196	.885		
	<b>Total</b>	<b>206.620</b>	<b>199</b>			
<b>Reasonably priced</b>	Between Groups	22.433	3	7.478	2.685	.055
	Within Groups	168.762	196	.861		
	<b>Total</b>	<b>191.195</b>	<b>199</b>			
<b>Customer relationship management</b>	Between Groups	27.236	3	9.079	1.751	.430
	Within Groups	165.519	196	.844		
	<b>Total</b>	<b>192.755</b>	<b>199</b>			

**Source: Primary Data**

The satisfaction level of insurance policy holders is evaluated with the help of ANOVA table. According to the education level of respondents Quality of products (.070), Psychological safety (.070), Insurable risk (.450), Agent's motivation (.310), Coverage meets expectation (.056), Reasonably priced (.055) and Customer relationship are same across the group. Overall ANOVA table shows, there is no significant difference in the satisfaction level of respondents based on their educational qualification. While considering Financial securities (.015), Individual attention (.030), and Flexibility (.020) are shows significant difference across educational qualification.



## Findings of the Study

1. Psychological Safety (PS) was found to be the most prominent attribute among female respondents
2. Customer relationship management is the least prominent attribute among female customers.
3. There is a significant difference in insurable risk, individual attention and reasonably priced attributes with regard to the gender of the respondents.
4. There is a significant difference in financial securities, individual attention, and flexibility with regard to educational qualification.

## Suggestions

1. To maintain separate section for insurance counters in vehicle showrooms and provide proper instructions and guidance to the vehicle owners at the time of purchasing the vehicle.
2. To carry out training program for customers to use online and mobile insurance apps to renew their insurance policies without approaching the insurance office. This will create a confidence among them.
3. To create awareness program to the policy holders on the pros and cons of the package that they offer and also the instructions regarding claims and renewals.

## Conclusion

It can be concluded that the motor insurance policy holders are satisfied with the various motor insurance policies provided by the insurance companies. Insurance policies can minimize the value of loss or risk in connection with the attainment of insurance policies. In India, it is mandatory to own a motor insurance policy for any type of vehicle. This is because driving a vehicle without a valid insurance plan is a punishable offence as per the Motor Vehicles Act, 1988. It also specifies the customer's importance for availing motor insurance policies.

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