A STUDY ON GENERAL INSURANCE AWARENESS AND FINANCE MANAGEMENT OF INSURANCE POLICYHOLDER IN KARAIKAL, REFERENCE TO THE NEW INDIA ASSURANCE CO. LTD

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ABSTRACT   *This paper explain he Dynamic Financial Analysis (DFA) as a capital modelling methodology that can be very useful for regulators to assess the solvency position of general insurance companies, including the estimation of their capital requirements for a given degree of risk. The financial performance of any organization has to be evaluated keeping track of its progress. The research paper as titled,"A STUDY ON GENERAL INSURANCE AWARENESS AND FINANCE MANAGEMENT OF INSURANCE POLICYHOLDER IN KARAIKAL,REFERENCE TO THE NEW INDIA ASSURANCE CO.LTD". The data were collected from the annual reports of NIA from 2012-13 and 2013-14 to analyze the financial position of the company.*

This study therefore seeks to determine the level of insurance awareness in Karaikal. An Insurance Awareness Index was computed to give a quantifiable measure of a person's knowledge and attitude towards insurance. The highlight of findings and suggestions has been arrived for improving the financial performance and awareness of insurance products of NIA. To achieve these objectives, a questionnaire is designed to collect the data of policyholder of insurance.

INTRODUCTION

Insurance is a form of risk management in which the insured transfers the cost of potential loss to another entity in exchange for monetary compensation known as the premium. Insurance is appropriate when he person want to protect against a significant monetary loss. Insurance is the unique and most important financial instrument used in order to cover the risks in the society. Thus, insurance plays a crucial role in sustainable growth of an economy. Despite the importance of insurance for an economy, unfortunately, the insurance products are still not used widely.

GENERAL INSURANCE

General insurance or non-life insurance policies, including automobile and homeowners policies, provide payments depending on the loss from a particular financial event. General insurance is typically defined as any insurance that is not determined to be life insurance.

Commercial line products are usually designed for relatively small legal entities. These would include public liability, product liability, commercial fleet and other general insurance products sold in a relatively standard fashion to many organisations. There are many companies that supply comprehensive commercial insurance packages for a wide range of different industries, including shops, restaurants and hotels.

Non-life insurance companies have products that cover property against Fire and allied perils, flood storm and inundation, earthquake and so on. There are products that cover property against burglary, theft etc. The non-life companies also offer policies covering machinery against breakdown, there are policies that cover the hull of ships and so on. A Marine Cargo policy covers goods in transit including by sea, air and road. Further, insurance of motor vehicles against damages and theft forms a major chunk of non-life insurance business.

OBJECTIVES OF THE STUDY
Primary objectives:
To explore the company financial analysis and awareness on general insurance among the policyholder in New India Assurance Co. Ltd, Karaikal.

Secondary objectives:
• To find the fund creating and disbursing in the new India assurance co.ltd.

• To identify the policyholder behavior in the insurance products.

• To assess the awareness level of consumer towards insurance products.

REVIEW OF LITERATURE
Chen et. al. (2009) examined the determinants of profitability of insurance companies of Japan from 2003 to 2008.The result showed that profitability of insurance companies decreased with an increase in equity ratio. He added that insurance companies have to diversify their investment and use effective hedging techniques which help them to create better financial revenues.

Masilamani.R (2007) attempted to identify the ways in which the safety of an insurance policy can be ensured. In his article he concluded that the government of India intends to bring in a comprehensive legislation relating to insurance matters. There is an upbeat mood among all the insurance companies over the growth in their premium income through life insurance policies. The article intends to codify the possible extent that the laws, rules and regulations available in our 38 country can provide a safety net for funds invested by the policyholders in a life insurance policy.

RESEARCH METHODOLOGY
Research methodology is a way to systematically solve the research problem. The research methodology in the present study deals with research design, data collection methods, sampling method, survey, analysis and interpretations.

STATEMENT OF THE PROBLEM
The study analyses the awareness level and satisfaction level of LIC policyholders in Karaikal district. The major problems of insurance industries are:

• Change of mindset of all involved in general insurance.

• The difficulty nature of the insurance industry towards the payment of claims makes it unattractive for third party insurers (commercial vehicles) to undertake insurance policy.

SCOPE OF THE STUDY
• This study is carried out to understand the profitability and financial performance.

• The period of study covers from 2012-14.

• To identify the policyholder behavior and assess the awareness level of insurance product.

RESEARCH DESIGN
DESCRIPTIVE RESEARCH DESIGN

For the present study descriptive research is adopted to find out the position of valuation in NIA. The advantages of descriptive research are that they providing a quick, efficient, inexpensive and accurate means of accessing information about the area of study.

SAMPLING TECHINIQUE:
• The method of sampling used was Convenient sampling.

POPULATION: 101.

METHOD OF DATA COLLECTION:
Both primary and secondary data collection method was used in the research paper.
• Primary data are collected through structured questionnaire.
• Secondary data are collected through websites, journals and balance sheet.

TOOLS FOR ANALYSIS:
For this study Percentage analysis and chi-square used.

LIMITATIONS OF THE STUDY:
• The accounting procedure and policies of the company have some limitation, so the data are also restricted.
• The study is confined to a very short period.

DATA ANALYSIS AND INTERPRETATION

TABLE: 1 QUALIFICATION OF POLICYHOLDER

Qualification	No. of Respondents	Percentage
SSLC	26	25
HSC	25	25
UG	19	19
PG	25	25
Diploma	7	7
Total	**101**	**100**

Interpretation:
From the above table it is clear that 25% of Respondents are SSLC Qualification, 25% of Respondents are HSC Qualification, 25% of Respondents are PG Qualification, 19% of Respondents UG Qualification. Remaining 7% of Respondents are Diploma Qualification of policyholder.
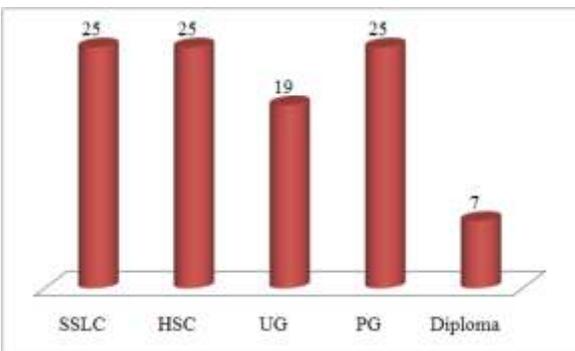
FIGURE 1

TABLE 2: OCCUPATION OF POLICYHOLDER

Occupation of policyholder	No. of Respondents	Percentage
Govt. employee	10	10
Non Govt. employee	51	50
Self	41	40
Total	**101**	**100**

Interpretation:
From the above table it is clear that 50% of Respondents are Non-government employee, 40% of Respondents are self employee. Remaining 10% of respondents are Government employee.

FIGURE 2
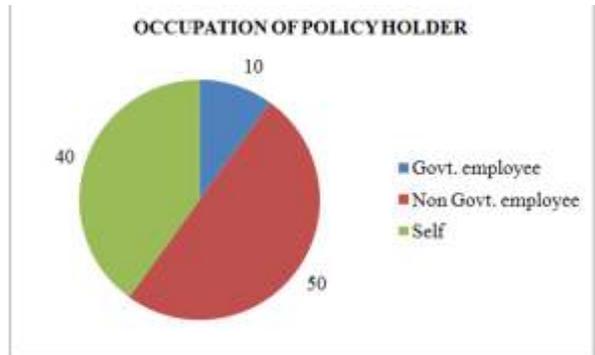

TABLE 3: POLICYHOLDER SALARY

Salary	No. of Respondents	Percentage
Less than 10000	9	9
10000-20000	37	36
20000-30000	36	35
30000-40000	18	18
Above 40000	2	2
Total	**101**	**100**

Interpretation:
From the above table it is clear that 36% of Respondents draw 10,000-20,000 salary, 35% of respondents draw 20,000-30,000 salary, 18% of respondents draw 30,000-40,000 salary, 9% of respondents draw less than 10,000 salary and remaining 2% of respondents draw above 40,000 salary.

FIGURE 3

TABLE 4: AGE WISE RESPONDENTS

Age	No. of Respondents	Percentage
Less than 18 yrs	2	2
19-25	28	27
26-32	44	43
33-39	21	21
40 yrs & above	7	7
Total	**101**	**100**

Interpretation:
From the above table it is clear that 43% of Respondents is 26-32 yrs old, 27% of Respondents is 19-25 yrs, 21% of Respondents is 33-39 yrs, 7% of Respondents is 40 yrs and above yrs. Remaining 2% of Respondents is less than 18 yrs.
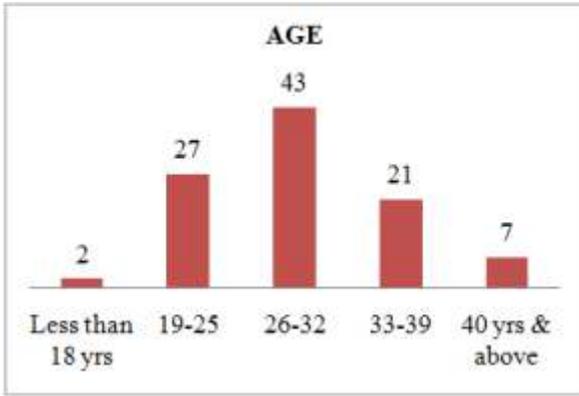
FIGURE 4

TABLE 5: GENDER WISE DISTRIBUTION

Gender	No. of Respondents	Percentage
Male	83	81
Female	19	19
Total	**101**	**100**

Interpretation:
From the above table reveals that 81 % of Respondents is male, Remaining 19% of Respondents is female.
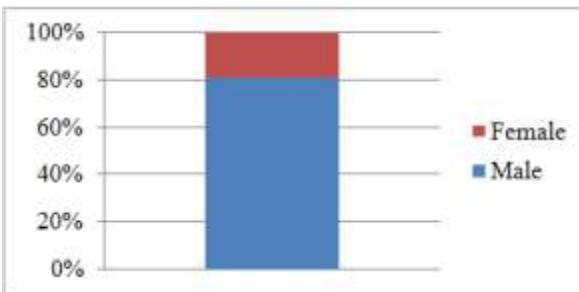
FIGURE 5

TABLE: 6 TYPE OF INSURANCE POLICY

Type of Insurance	No. of Respondents	Percentage
Two Wheeler	63	62
Private Package	21	21
Commercial	18	17
Total	**102**	**100**

Interpretation:
From the above table reveals that 62% of respondents were using two wheeler vehicle package policy, 21% of Respondents were using private package policy. Remaining 17% of Respondents were using commercial vehicle package policy.
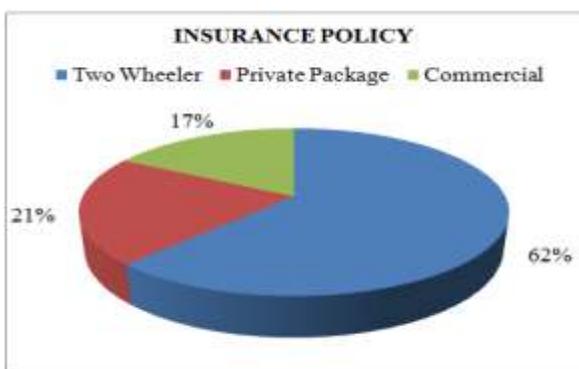
FIGURE 6

TABLE 7: AWARENESS OF INSURANCE

Know about insurance	No. of Respondents	Percentage
Yes	101	100
No	0	0
Total	**101**	**100**

Interpretation: From the above table reveals that 100% of Respondents know about insurance.

FIGURE 7
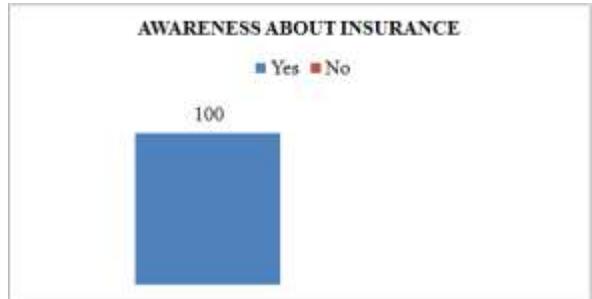
TABLE 8: SOURCE OF INFORMATION ABOUT INSURANCE

Source of information	No. of Respondents	Percentage
Newspaper	6	6
Magazines	0	0
Showroom	90	88
Friends	4	4
Relatives	2	2
Total	**101**	**100**

Interpretation:
From the above table reveals that 88% of respondents can get information about insurance through showroom, 6% of Respondents can get information about insurance through newspaper, 4% of Respondents can get information about insurance through friends, 2% of Respondents can get information about insurance through relatives.
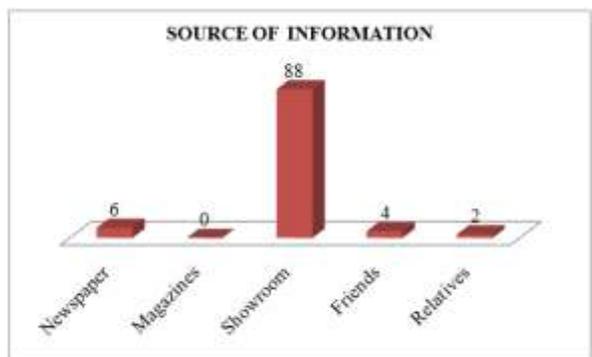
FIGURE 8

TABLE 9: AWARENESS OF GENERAL INSURANCE

Awareness about general insurance	No. of Respondents	Percentage
Yes	101	100
No	0	0
Total	**101**	**100**

Interpretation: The above table reveals that 100% of Respondents know about general insurance.
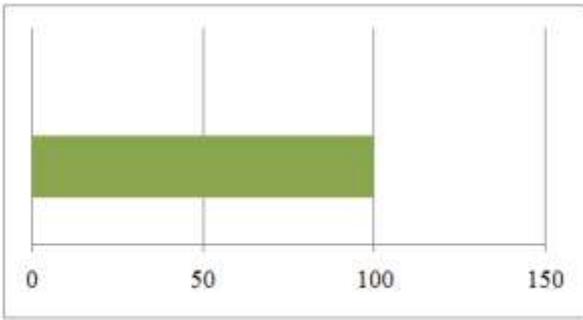
FIGURE 9: AWARENESS OF GENERAL INSURANCE

TABLE 10: RESPONDENTS USING KIND OF VEHICLE

Kind of vehicle	No. of Respondents	Percentage
2 wheeler	60	58
3 wheeler	9	9
4 wheeler	24	24
a &c	9	9
all	0	0
Total	**101**	**100**

Interpretation:
From the above table reveals that 58% of Respondents have used 2 wheeler vehicle,24% of Respondents have used 4 wheeler vehicle,9% of Respondents have used 3 wheeler and 2 wheeler &4 wheeler vehicle.
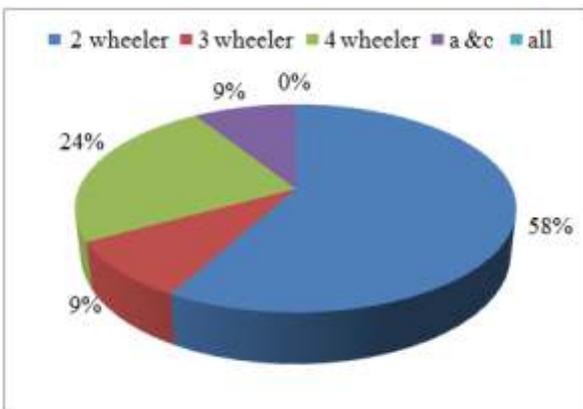
FIGURE 10

TABLE 11: REASONS FOR INSURING VEHICLE

Insuring your vehicle	No. of Respondents	Percentage
Because it is mandatory	38	37
Sake of safety &security	47	46
To avoid police inspection	17	17
Total	**101**	**100**

Interpretation:
From the above table reveals that 46% of Respondents insuring vehicle purpose sake of safety and security,37% of Respondents insuring vehicle purpose it is mandatory. Remaining 17% of Respondents insuring vehicle purpose to avoid police inspection.
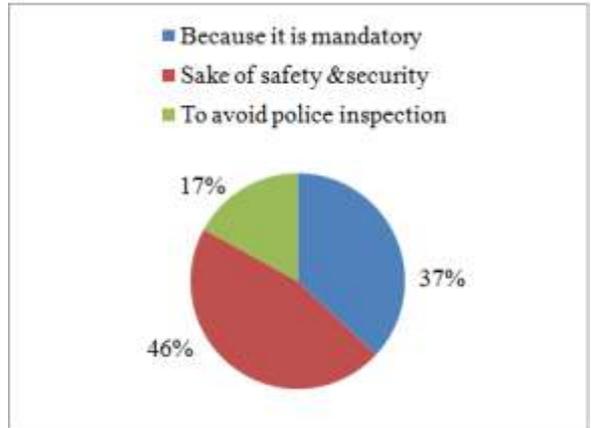
FIGURE 11

TABLE 12: TYPES OF POLICY

Type of policy	No. of Respondents	Percentage
Comprehensive policy	49	48
Act only policy	53	52
Total	**101**	**100**

Interpretation:
From the above table reveals that 52% of Respondents have used act only policy. Remaining 48% of Respondents have used comprehensive policy.
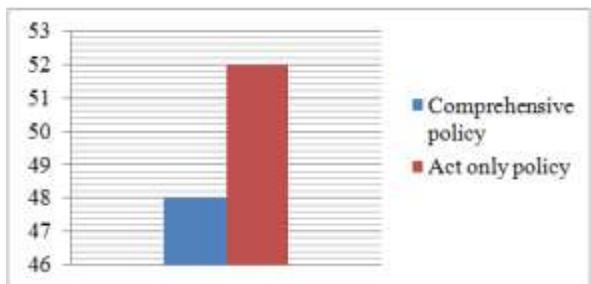
FIGURE 12

TABLE 13: PAYMENT OF PREMIUM

Paying Premium	No. of Respondents	Percentage
Through agent	35	34
In-person	49	48
Vehicle showroom	6	6
Online	12	12
Total	**101**	**100**

Interpretation:
From the above table reveals that 48% of Respondents used way to paid premium through in-person, 34% of Respondents used way to paid premium through agent, 12% of Respondents used way to paid premium through online. Remaining 6% of Respondents used way to paid premium through vehicle showroom.
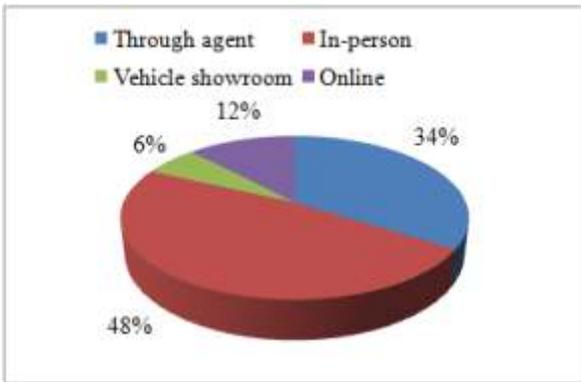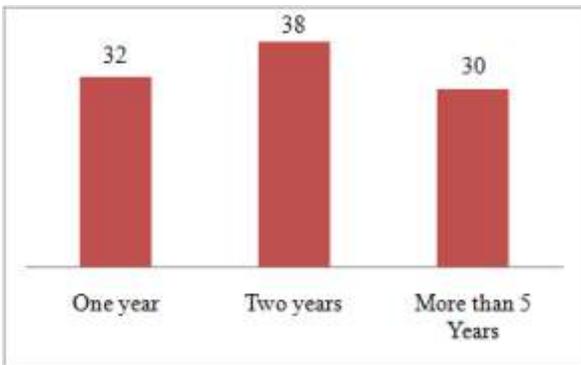
FIGURE 13

TABLE 14: PERIOD OF INSURANCE

Period of insurance	No. of Respondents	Percentage
One year	32	32
Two years	39	38
More than 5 Years	31	30
Total	**101**	**100**

Interpretation:
From the above table reveals that 38% of Respondents was insuring 2 years, 32% of Respondents was insuring one year. Remaining 30% of Respondents was insuring more than 5 years.

FIGURE 14

ASSOCIATION BETWEEN INCOME AND TYPES OF VEHICLE USED

Null hypothesis (H_o): There is no significant association between income and types of vehicle used.

Alternative hypothesis (H_a): There is significant association between income and types of vehicle used.

TABLE: 15

Types of vehicle used / Income	2 wheeler	3 wheeler	4 wheeler	2&4 wheeler	All	Total
Below 10000	8	0	0	1	0	9
10000-20000	31	2	4	1	0	38
20000-30000	16	2	14	3	0	35
30000-40000	8	0	6	4	0	18
Above 40000	0	1	0	0	0	1
Total	**63**	**5**	**24**	**9**	**0**	**101**

Calculated value = 48.3044
Degree of freedom =16
The table value at 5% level of significance is 26.296
As calculated value is 48.3044 > 26.296, Ha is accepted.

There is significant association between income and types of vehicle used by customers of New India Assurance Co. Ltd.,

ASSOCIATION BETWEEN INCOME AND INSURING OF VEHICLE
Null hypothesis (H_o): There is significant association between income and insuring of vehicle.

Alternative hypothesis (H_a): There is no significant association between income and insuring of vehicle.

TABLE: 16

Insuring of Vehicle / Income	Because it is mandatory	Sake of safety & security	To avoid police inspection	Total
Below 10000	3	2	1	6
10000-20000	16	16	5	37
20000-30000	11	19	4	34
30000-40000	10	10	3	23
Above 40000	0	1	0	1
Total	**40**	**48**	**13**	**101**

Calculated value = 8.4332
Degree of freedom = 8
The table value at 5% level of significance is 15.507.
Calculated value is less than table value (8.4332 < 15.507), null hypothesis is accepted.

There exists no significant association between policyholder income and insuring of vehicle in New India Assurance co.ltd.

ASSOCIATION BETWEEN EMPLOYEE STATUS AND AWARENESS OF GENERAL INSURANCE

Null hypothesis (H_o): There is no significant association between employee status and awareness of General insurance.

Alternative hypothesis (H_a): There is significant association between employee status and awareness of general insurance.

TABLE: 17

Awareness of general insurance / Employee Status	No of policyholder know about general insurance	No of policyholder don't know about general insurance	Total
Govt employee	45	5	50
Non-Govt employee	32	4	36
Self employee	13	2	15
Total	**90**	**11**	**101**

Calculated value = 6.3831
Degree of freedom = 2
The table value at 5% level of significance is 5.991
As calculated value is 6.3831 > 5.991 table value, alternative hypothesis is accepted.

There is significant association between employee status and awareness of general insurance in new India assurance co.ltd

SUGGESTIONS AND RECOMMENDATIONS

• Tax benefits should be increased to encourage insurance.

• Claims should be settled well in time.

• Automated machines should be installed to direct payment of premium. Insurance must be sold without terms and conditions.

CONCLUSION

This paper concluded that insurance is the booming industry. There is an urgent need to spread more awareness and provide satisfaction to insurer. Insurance is an insisting well not an imposing good. In forthcoming years NIA maintains the same financial position and get goodwill among the policyholder.

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