

Role of Private Insurance Company in the Service Sector

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ABSTRACT: Private Insurance Company places a vital role in the service sector. In the context of service sector the minds of the society is changing towards the Private insurance company due to many reason. We can see the tremendous growth of the Private Insurance Company after the year 2000; the main reason is that they are providing the good service in the point of view of the customers.

Customer satisfaction is the main concept for the development of the organization. The growth of the Private Insurance Company can be seen in their acceptance of new policies in the recent period and the service provisions made by the insurance companies.

The article specifically analyses about the growth of the private insurance companies with reference to their increase in new policies, market share, profit, no of insurance companies etc., to analyse about the customer views were undertake with reference to 75 customers in order to know about their view regarding the private insurance companies.

This article will give some idea about the growth of the Private Insurance Sector in the context of the service sector.

KEYWORD: Growth, Insurance; policies; Investments; Policy Holder; etc.

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I. INTRODUCTION

In India Insurance generally considered as tax saving device, people were interested in investing their money in gold, property and bank deposits. Life Insurance Corporation plays a dominant role in the service sector, the trend has been changed by Insurance Development Authority Act, 1999 (IRDA) by de-regulating the insurance sector and allowing private insurance companies backed by foreign expertise to enter in to the market, which has become more vibrant because of their approach towards the Indian Customers. Furthermore, the Foreign Investment was allowed and it capped 26% holding in the Indian Insurance Companies. Now the Investment in some of the private insurance companies has increased to 49%. The companies in which they are having 49% of Foreign Direct Investment (FDI) are:

1. Aegon Life
2. Aviva Life
3. Bharati Life
4. Birla Sunlife
5. DHFL Pramerica
6. Edelweiss Tokio
7. Reliance Nippon
8. Tata AIA

II. OBJECTIVE OF THE STUDY

1. To study the role of the private insurance companies in the service sector
2. To study the growth of the private insurance companies.
3. To know the reasons why the customers prefer the Private Insurance Policies.

III. RESEARCH METHODOLOGY

The article is based on the primary data & secondary data

1. **Primary data:** Collected with a small sample of 75 respondents, convenience sample method is applied to collect the information from the customers those who are having insurance policies.
2. **Secondary data:** Collected from the IRDA annual reports and the websites.

IV. INSURANCE SECTOR DEVELOPMENT

The liberalization of the insurance sector showed the way for the insurance company to grow up, it can be seen by their increase in the insurance new policies and also it can be seen in their increase in the insurance office.

1. REGISTERED INSURERS:

Type of Insurers	Public	Private	Total
Life	1	23	24
General	6	17	23
Health	0	06	06
Re-Insurance	1	08	09
Total	8	54	62

Source: IRDA annual report 2016-17

2. NEW INSURANCE POLICIES ISSUED (LIFE)

Insurers	215-16 (lakhs)	216-17 (lakhs)
LIC	205.47 (1.86)	201.32 (-2.02)
Private Sector	61.92 (7.92)	63.24 (2.13)
	267.38 (3.20)	264.56 (-1.05)

Note: Figures in brackets indicate the growth (percentage) over previous year.

Source: IRDA annual report 2016-17

3. POLICIES ISSUED (General Insurers)

Insurers	215-16 (lakhs)	216-17 (lakhs)
Public Sector	671.32 (-0.96)	852.62 (27.01)
Private Sector	549.44 (8.84)	624.45 (13.65)
Specialized Insurers	36.85 (214.95)	48.26 (30.96)
Total	1257.61 (5.28)	1525.33 (21.28)

Note: Figures in brackets indicate the growth (percentage) over previous year.

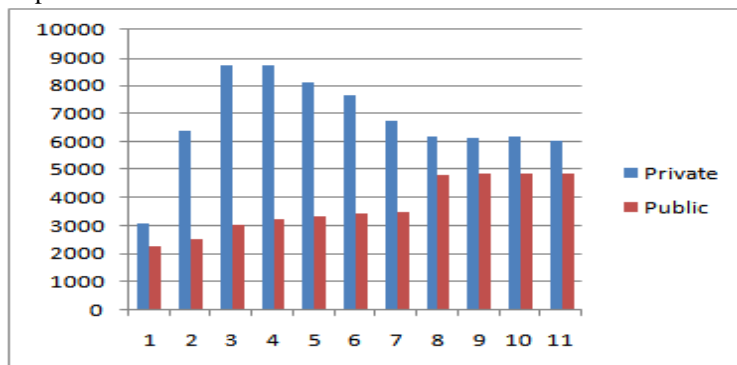
Source: IRDA annual report 2016-17

4. NUMBER OF LIFE INSURANCE OFFICES:

Insurers	2007	2008	2009	2010	2011
Public	3,072	6,391	8,785	8,768	8,175
Private	2,301	2,522	3,030	3,250	3,371
Total	5,373	8,913	11,815	12,018	11,546

Insurers	2012	2013	2014	2015	2016	2017
Public	7,712	6,759	6,193	6,156	6,179	6,057
Private	3,455	3,526	4,839	4,877	4,892	4,897
Total	11,167	10,285	11,032	11,033	11,071	10,954

Source: IRDA annual report 2016-17



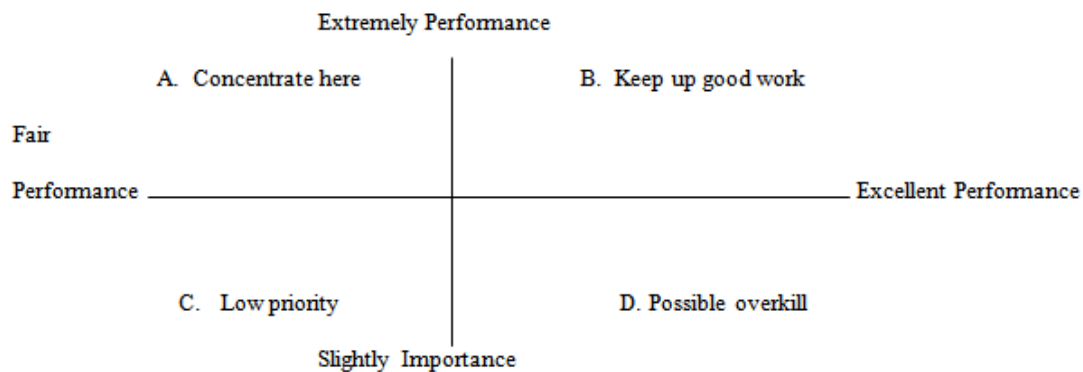
IRDA has taken several initiatives to protect the interest of the policy holders. The Integrated Grievance Management System (IGMS) which is the online grievance registration system in which the policy holders can approach in case of any problems in the insurance concept.

In the year 2016-17 Seventeen Ombudsmen centers spread across, they received the total complaint of 27,627 out of which 16,744 related to Life Insurance and the remaining 10,883 related to General Insurance. The balance pending issues were only 2,330. It can be seen that the customers are safe with their investment in the insurance companies.

The main aim of the IRDA is to protect the interest of and secure fair treatment to policyholders. This is the main reason in which the society is having faith on the Private Insurance Companies; they feel that they are safe at any cause.

Parasuraman et al (1985) studied four different types of services ten dimensions were taken as reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding/knowing the customer and tangibility.

Later in 1988, the above ten dimensions were cut down to five concepts they are tangibility, reliability, responsiveness, assurance and empathy.



Kotler (1996) defined customer satisfaction as “the level of a person’s felt state resulting from comparing a product’s perceived performance or outcome in violation to his/her own expectations”

This study focused on how the Private Life Insurance customers feel about the performance of Private Insurance Companies.

V. FINDINGS AND SUGGESTIONS

From the respondents view:

1. Maximum respondents are having the opinion that they are influenced by the advertisement to have the private insurance policy.
2. Respondents are able to invest the minimum amount of Rs.10,000 per year as their investment, and the maximum amount of Rs.30,000 per year.
3. Respondents are having the Public and Private Insurance policy, in case of the vehicle insurance they are having the private insurance policy, stating the reason that they are able to renew the policy without having any problems and they are getting the reminder regarding the payment on due date which make them to feel free of having the tension of paying the amount.
4. Regarding the new product of the insurance they are able to get the prompt information regarding the development of the existing policy and a new information regarding the new product.
5. Getting the remainder from the Private Insurance Company regarding the maintenance of the required balance for the payment of the policy attracts the customers.
6. Due to the strong assurance given by the IRDA regarding the protection of the policy holders, customers are having the thought of increasing their investment.
7. Marketing plays a vital role for the Private Insurance Companies for their development of their product and the company image.
8. Insurance agents are playing important role in the development of the Private Insurance Companies.
9. Foreign Direct Investment (FDI) makes the other countries to turn around our country for their investment, by which we are able to develop our market.
10. Future planning makes the customers to invest in the insurance sector.

In the level of satisfaction we are having the fully satisfied customers, satisfied customers and un-satisfied customers. The satisfaction level is based on the services they are enjoying by using the products.

Priority features for selecting the Private Insurance Policy by the respondents:

1. Simple Payment system is available
2. Satisfied quality of service provided
3. Choice for selecting the products is there.
4. Advice for the product is given by the agents are we ourselves can get the information through website
5. Company is sending the policy through the mail to the customers, they can be in a position to download the document, and beyond this they are sending the document through the registered post/courier.
6. Easy procedure is followed for the surrender of policy.
7. They are addressing the feedback of the customers promptly.
8. Agents are creating affinity towards the insurance company by their approach.
9. Corporate Image is the main concept for selecting the particular insurance company
10. Long term relationship can be maintained if the company is having a good image among the society.

Customer satisfaction is the main criteria for the development of any product as per the marketing strategy, in case of the service sector, perceived benefit is satisfied with the expected service means we can expect the tremendous development. In case of Private Insurance Company due to their valuable satisfied services making the insurance companies to survive in the market.

Normally customers will have the concept of investing in the Public Insurance Company rather than the Private Insurance Company. This thinking was erased by the Private Insurance Companies by their valuable services to the customers.

VI. SUGGESTIONS

1. Frequent meeting with the agent to equip them to have the full flow of work is a must.
2. Problems relating the policy of the customers are to be handled on time.
3. Awareness regarding the IRDA regulations has to be made to customer's level to make them to have confidence regarding their policy with the insurance company.
4. Frequent collection of feed back through phone or mail is a must to rectify their service provisions up to the satisfaction of the customers.

VII. CONCLUSION

As a whole the Private Insurance Company was started in the year 2001, nearly 17 years they are surviving in the market due to their good service and customer satisfactions. They are having the capacity to compete with the Public Insurance Company and with their good customer services, they are expecting to have a stabilized market for their products, for that they are planning everyday to sustain in the market.

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