A Study on Policyholders Satisfaction Towards the Micro insurance Policies

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Abstract

Micro Insurance plays a significant role in alleviating poverty and raising the standard of living of people in countries. It is a powerful tool for economic growth and development. A micro insurance product provides affordable premiums so that the poor people invest in them, which will help reduce poverty and thus contribute to economic development. Therefore, this study investigates the level of satisfaction of policyholders in connection with micro insurance products and services. A descriptive research design has been used in this study. Primary data were obtained through the questionnaire method and the sample size was 250 respondents from Jind District in Haryana. The data collected for this study were analyzed through SPSS software and MS Excel. Convenient sampling was used. Respondents were selected randomly from the insurance company and bank database. The primary data were analyzed by using relevant statistical tools like Anova, percentage analysis and mean square which was employed to analyze the satisfaction of micro insurance policyholders. A Likert five-point scale was used in the questionnaire. The results provide empirical support for considering the level of satisfaction of policyholders.

Keywords: Satisfaction, Micro insurance, t-test, Economic growth, Development.

INTRODUCTION

In developing countries the life of poor and marginalised are indicated with constant economic insecurity. They are introduced to various perils in their everyday lives. The perils can be related to life, societal, economic and natural circumstances beyond one's control like earthquake and flood etc. Many of them fall short of saving for coping up with the crisis arrived by personal and natural disaster. They have very limited stock to deal with such type of perils. To conquer this problem some risk covering strategies are there and one of them is micro insurance. Before the poors, insurance is the only option against on favourable situation. But it is hard to get insured in formal market, just because of high premium and high risk for low income people. So benefits of insurance are modified according to poor people which suit their demand and named it as micro insurance.

According to Bente Corneliu "micro insurance is not very different from traditional insurance except that it targets a different segment of a population". It involves new products different distribution channel and marketing strategies.

The subsidy do not always benefit the poor segment, all though people who wants to access the benefits of insurance generally find the way of it. It can be seen the micro insurance works like traditional insurance business. However there are many features which make it different from normal/Traditional insurance.

- It provide group insurance under single contract.
- It need a middleman between insurance company and customer.
- Different distribution channel.
- Design for low income group people

According to World Bank

"Micro insurance refers to the insurance products that are designed to be beneficial and affordable to low income individuals or groups". There are various objectives of micro insurance which are as follows:

- Micro insurance aim is to protect the vulnerable section of society by providing low premium insurance products that are highly affordable. The objective behind introducing the micro insurance products is to empower people to cope with hazardious situations and recover from risks like death of the income producer, bills of hospitals for treatment of serious sickness, reconstructing damaged homes, loss of livestock etc.

- Micro insurance helps in reducing poverty, creating sustainable business and self-employment which ultimately contribute in the development of the nation.
- This is a one-stop solution which facilitate a better way to access the micro insurance as the need for protection of individual and business men are varied from each other.
- It is observed that there is a need to educate the poor about features of micro insurance which helps them in selecting the product. Each and every aspect of products ase discussed with them after analyzing the potential customer profile.

Micro insurance also provide social security and protection against various risk to the vulnerable section of society. Social protection consists of programs and policies that aim to reduce poverty and vulnerability by promoting efficient labor markets, reducing people's exposure to risk, and improving their ability to protect themselves against hazards and disruption/loss of income.A social security system (SSS) is a system in which the state provides many benefits to those who are not able to provide these benefits themselves. Such a system is usually designed to assist socially disadvantaged individuals, such as those in poverty, old age, disabilities, unemployed, etc. The main forms of the social security system are benefits for pensioners and employees, and benefits for dependents.Social security is a means of living independently in old age and supporting family members. Working individuals are expected to set aside a portion of their income as long-term savings to meet their needs in the years following retirement. Apart from the increased cost of living, the recent steep rise in medical costs, and the need for personalized services in old age, there is always the fear that savings earned during working life will not be sufficient unless institutional provisions are made.

REVIEW OF LITERATURE

This literature is used to find the research gap and objectives of the study. It gives the researcher an excellent overview of the previous work done and helps in keeping up with recent developments in the field and also enables in avoiding unintentional replication of previous studies.

Chunmun and Bisschoff (2014) carried a study on micro insurance in South Africa. The objective of this study was to evaluate the role of micro insurance and to study the challenges faced by it. The role played by micro insurance was to bring financial inclusion, gender equality and sustainable development. This study discussed the challenges faced by micro insurance like lack of trust of policyholders on insurers.

Geetha and Vijayalakshmi (2014) examined how micro insurance performfance satisfied the respondents in Coimbatore, India. This study made an attempt to understand the behaviour of micro(life) insurance policyholders. The purpose behind this study was to identify socio-economic determinant of micro insurance and to evaluate the problem related to micro insurance. Data was collected from 100 policyholders. It showed that demand of micro life insurance was increased and it played a vital role in reducing poverty.

Kannappan (2015) attempted a study to evaluate the perception and awareness level towards micro insurance products. Interview was conducted for collecting data. The sample size considered was 100 policyholders of life insurance. This study indicated that both the rural and urban respondents were aware about products of micro insurance. As it provide social security to low income people and help in facing risk and adverse situation.

Ramamoorthy et al., (2015) examined the factors affecting customer satisfaction towards micro insurance products. The objective carried by this study was to study the satisfaction and sources of awareness of micro insurance policiesSample size for this study was 125 respondents used for data collection. Interview was conducted for collecting responses from policyholders. This study revealed the variables which influence the customer satisfaction were product and response, personalized financial planning, service quality and customer service representative.

Mohideen and Sekar (2016) examined the relationship between dependent and policyholders. This study was conducted on 599 respondents. Convenient sampling was used for selecting samples. Chi Square was used for data analysisThis study indicated the satisfaction among majority of respondents. Chi Square revealed that demographic characteristics like age, gender, qualification, occupation and family income influence the satisfaction level.

Subramanyam et al., (2016) investigated the slow growth of migraine insurance in India. The objective of their study was to examine the factor responsible for slow growth of micro insurance and to identify solution for product design. It was examined that the gap persisted between the demand and supply of insurance was due to unavailability of insurance products in rural area. Only some were satisfied with the services given by insurance companies. 5 companies were selected as sample and data was collected from 100 respondents by using questionnaire.

Basaula (2017) measured the satisfaction level of customers toward claim settlement of life insurance. The objective behind this paper was to study the awareness and satisfaction among respondents for claim settlement. In this study descriptive research was used. The study was conducted on 391 agents. The study concluded that neutral response was recorded of majority of respondents. It was observed that speed of claim settlement was slow. The study suggested that government should take active part for spreading awareness among policyholders.

Subhaschandra (2018) examined the opinion and satisfaction level of policyholders towards micro insurance's various variables. This study was conducted in Udupi district of Karnataka. Friedman test was used for finding opinion. Data was taken from 120 respondents. The study depicted that a significant difference was existed regarding opinion among policyholders of micro insurance. It was also found that respondents were satisfied with mode of premium, personalized services and claim settlement. Although satisfaction level was reduced towards sum assured and term of policy.

Vijay and krishnaveni (2018) examined the level of satisfaction and role of awareness in policyholder's health insurance. The purpose behind this study was to evaluate the role of awareness policy and procedure for satisfaction of policyholders. This study was carried on 150 respondents of Ernakulam district of Kerala. The study revealed that level of satisfaction depend on awareness about company its policy and procedure. It was observed that majority of respondents were male.

Renuka (2019) proposed a study on preference and behaviour of policyholders to micro insurance. The purpose of this study was to evaluate the awareness and satisfaction level of policyholders. Sample size for this study was used 610 policyholders of micro insurance schemeHis study revealed that respondents were aware about the details of the policy of the micro insurance. Data was analyzed by using percentage and mean score. The policyholders were fully satisfied with the micro insurance policy.

Renuka (2020) explained the satisfaction level in the policyholders regarding quality of services. The objective carried by this study was to examine the micro insurance plans and to measure the satisfaction and expectations of the policyholders. The study showed that majority of the female respondents purchased micro insurance products. The study indicated there was no significant difference between satisfaction level and expectation of policyholders.

Rani (2021) studied the attitude of respondents toward LIC in Perambalur District. The objective carried by this study was to examine the relation between attitude and awareness of policyholders. The study was conducted on 454 respondents. The study found that income, occupation, education and awareness directly influence the attitude of respondents.

STATEMENT OF THE PROBLEM

The literature of this study showed that micro insurance have changed the lives of rural people. They face various problems like unemployment, accident, sudden death of bread earner, low income and loss of property due to fire, flood etc. majority of the poor people across the world do not get he benefit of any social security. They don't have enough money for future savings and investment. Government of India took the initiative for financial inclusion and introduced various scheme and products under micro insurance. There are many questions that are remained unanswered like, does education and age have any effect on satisfaction level of micro insurance policyholders? There is fresh need to attempt to study the satisfaction level of micro insurance policyholders of jind in Haryana. No study has been conducted to see the satisfaction level of policyholders whether they are from urban or rural area.

NEED, IMPORTANCE AND OBJECTIVES OF THE STUDY

Micro Insurance plays a significant role in alleviating poverty and raising the standard of living of people in countries. It is a powerful tool for economic growth and development. A micro insurance product provides affordable premiums so that the poor people invest in them, which will help reduce poverty and thus contribute to economic development. The researcher identified the demographic background and level of satisfaction regarding customer care services, variety of products, staff cooperation, term and conditions of the micro insurance schemes.

Based on the above need and importance of the study following objevtives have been framed.

- To study the socio economic profile of micro insurance policyholders.
- To measure the level of satisfaction of policyholders regarding micro insurance policy.

RESEARCH METHODOLOGY

In this study both descriptive and exploratory research design was used.Both primary and secondary data had been used. The researcher collected primary data by questionnaire. Convenient sampling employed for primary survey. Semi self-structured questionnaire has framed for data collection. A detailed questionnaire was distributed to extract the information from rural and urban micro policyholders of Jind district of Haryana. 300 questionnaire were distributed and 270 were collected and 250 were found good for analysis of the study. Sample size is 250 micro insurance policyholders of urban and rural area of jind District such as Khokri, Habaithpur, Uchana, and Jind. Simple percentage analysis, mean score and Anova were used.

RESULTS AND DISCUSSIONS

Here the results of the study lights on sicio- economic profile of policyholders and measure satisfaction level with reference to their age and education level.

DEMOGRAPHIC FACTORS

CATEGORY	BASIS	Frequency	Percentage
AGE	18 – 29	68	27.2
	30 – 41	154	61.6
	42 – 55	28	11.2
LOCATION	Urban	91	36.4
	Rural	159	63.6
GENDER	Male	173	69.2
	Female	77	30.8
EDUCATION	Illiterate	20	8.0
	Upto Primary School	27	10.8
	Upto Secondary School	34	13.6
	Upto Senior Secondary School	68	27.2
	Graduation	62	24.8
	Post Graduation & Above	39	15.6
OCCUPATION	Employed in Private Sector	66	26.4
	Employed in Public Sector	33	13.2
	Waged Labour	23	9.2
	Agriculture	25	10.0
	Self Employed	52	20.8
	Others	51	20.4

Table 1. Source: Primary data

The age distribution of the respondents have been distributed as 27.2 % between 18 to 29 years, 61.6 % between 30 to 41 years and 11.2 % between 42 to 55 years. It is significant that majority of the study population lies in the age group 30 to 41 years. Urban population are well equipped about the intricacies of micro insurance policies whereas rural respondents are badly in need of micro insurance policies. The location of the respondents was distributed as 36.4 % from urban and 63.6 % from rural. As per respondents, Majority (69.2 %) of males and 30.8 % of females were the distribution of the study respondents with regard to gender. As per data, the education distribution was distributed as 8 % being illiterate, 10.8 % being upto primary school, 13.6 % being secondary school, 27.2 % being upto senior secondary school, 24.8 % being graduation and 15.6 % being post graduate and above. Above table explains majority (26.4 %) of the study population were employed in private sector, 20.4 % were belonging to others, 20.8 % were self-employed, 13.2 % employed in public sector, 10 % were in agriculture and 9.2 % were waged labour.

Table 2. Policyholders satisfaction towards micro insurance policy

STATEMENTS	HD	D	N	S	HS	Mean	Std. Deviation
I feel satisfied with customer care service provider by it.	1	21	55	102	71	3.8840	.93060
I feel satisfied with the guidance provided to me at the time of selection of policy.	3	9	55	131	52	3.8800	.81748
I feel satisfied with the variety of products/policies of Micro insurance.	6	8	69	112	55	3.8080	.89798
I feel satisfied with amount of Premium.	1	11	52	112	74	3.9880	.84778
I feel satisfied with security and saving provided for future.	2	11	56	119	62	3.9120	.84565
I feel satisfied with the terms and conditions provided by it.	4	22	68	104	52	3.7120	.94691
I feel satisfied with the Staff cooperation.	1	16	61	93	79	3.9320	.92238
I feel satisfied with the mode of premium.	3	12	57	106	72	3.9280	.90226
I feel satisfied with convenient location of branch.	2	14	54	125	55	3.8680	.84702
I feel satisfied with the maturity age of policy.	4	10	64	104	68	3.8880	.90705

Source: Primary data

It is observed from the above table that Policy holders are satisfied with the guidance provided at the time of selection of policy (3.88), with amount of Premium (3.98), with the Staff cooperation (3.93) and with convenient location of branch (3.86). They are also satisfied with the variety of products/policies of Micro insurance (3.80), with security and saving provided for future (3.91). Table depicts that majority of the respondents are satisfied with all the statements. Hence researcher assumed that policyholders of micro insurance are satisfied with all the services.

HYPOTHESIS TESTING

Relationship among demographic factors (age, education, occupation) and satisfaction score on Micro insurance.
ANOVA TEST ANALYSIS
Hypothesis 1
- H0 = There is no significant relation between micro insurance policyholders satisfaction and their age.
- H1 = There is significant relation between micro insurance policyholders satisfaction and their age.

Table 3. One way analysis on policyholders satisfaction and their age

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
	Between Groups	497.526	2	248.763	9.383	.000

Satisfaction	Within Groups	6548.730	247	26.513		
	Total	7046.256	249			

Table 3 dipicts there is significant relation between satisfaction level of policyholders of different age. The F value is 9.383 and it is significant at the level of significance .000. The Significant value of F test is < 0.05 then null hypothesis is rejected and alternate hypothesis is accepted.
To find out exactly which group differs from other, further Tucky HSD Post-HOC test is applied.

Satisfaction

Age	N	Subset for alpha = 0.05	
		1	2
30-41	154	37.7273	
42-55	28	39.9643	39.9643
18-29	68		40.8382
Sig.		.068	.659

Table 3.1 Post_hoc test

The post hoc test reveals that age group under 18-29 and 30-41 differ with the age group under 42-55. The higher mean score of age group 18-29 (40.83) shows that they are more satisfied as compared to age group under 30-41.
Hypothesis 2
- H0 = There is no significant relation between micro insurance policyholders satisfaction and their education level.
- H1 = There is significant relation between micro insurance policyholders and their education level.

Table 4. One Way Analysis on policyholders satisfaction and education level

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Satisfaction	Between Groups	206.000	5	41.200	1.470	.200
	Within Groups	6840.256	244	28.034		
	Total	7046.256	249			

Table 4 shows that there is no significant relation between micro insurance policyholders and their different level of education. As the significance value of f Test is > 0.05. So null hypothesis is accepted and alternate hypothesis is rejected.
Hypothesis 3
- H0 = There is no significant relation between micro insurance policyholders satisfaction and their occupation.
- H1 = There is significant relation between micro insurance policyholders satisfaction and their occupation.

Table 5. One Way Analysis on policyholders satisfaction and occupation

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Satisfaction	Between Groups	206.000	5	41.200	1.470	.200
	Within Groups	6840.256	244	28.034		
	Total	7046.256	249			

Table 5 shows that there is no significant relation between micro insurance policyholders and their occupation. As the significance value of f Test is > 0.05. So null hypothesis is accepted and alternate hypothesis is rejected.

It is concluded from the above analysis that whatever may be the demographic factors like education and occupation, the satisfaction on micro insurance policies do not differ at all. But the different groups of age have different satisfaction level.

Relationship among demographic factors (location and gender) and satisfaction score on Micro insurance. T-TEST ANALYSIS

Hypothesis 4
- H0 = There is no significant relation between micro insurance policyholders satisfaction and their location.
- H1 = There is significant relation between micro insurance policyholders satisfaction and their location.

Table 6. Independent Samples T-Test on policyholders satisfaction and location

		Levene's Test for Equality of Variances		t	df	Sig. (2-tailed)
		F	Sig			
Satisfaction	Equal variances assumed	.058	.810	-.024	248	.981
	Equal variances not assumed			-.024	174.616	.981

The calculated t-test value for occupation is -0.24 which is smaller than the table value. Since the calculated value is less than the table value it is inferred that the satisfaction has no significant relationship with gender. Hence null hypothesis is accepted. Alternative hypothesis is rejected. It is concluded from the above analysis that there is no significant relationship between location of respondents and satisfaction towards micro insurance policy.

Hypothesis 5
- H0 (Null hypothesis) = There is no significant relation between micro insurance policyholders satisfaction and their gender.
- H1 (Alternate hypothesis) = There is significant relation between micro insurance policyholders satisfaction and their gender.

Table 7. Independent Samples T-Test on policyholders satisfaction and gender

		Levene's Test for Equality of Variances		t	df	Sig. (2-tailed)
		F	Sig			
Satisfaction	Equal variances assumed	4.283	.040	.629	248	.530

	Equal variances not assumed			.581	122.424	.562

The calculated t-test value for genders is .581 which is smaller than the table value. Since the calculated value is less than the table value it is inferred that the satisfaction has no significant relationship with gender. Hence null hypothesis is accepted. Alternative hypothesis is rejected.It is concluded from the above analysis that there is no significant relationship between gender and satisfaction towards micro insurance policy.

It is concluded from the above analysis that there is a no significant relationship between type location (Rural and Urban) and gender and satisfaction towards micro insurance policies.

CONCLUSION

This study concludes that majority of the policyholders of micro insurance policy are satisfied with the various services and schemes provided by insurers. The study shows that people living in rural area need micro insurance than people living in urban area because in rural area people have to face many life risk. People working in private sector have taken high interest in purchasing policy. Some of the suggestions, for the micro insurers in India, can succed by capturing client through advertisement and good distribution channel.

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