

Understanding Policyholders' Perception of Insurance in Coimbatore District

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Abstract-Insurance, often considered a crucial safety net, provides financial protection against unforeseen personal and business losses. Over the past decade, the insurance sector in India has seen significant growth due to rising awareness about the benefits of insurance, increased income levels, and various government initiatives promoting such policies. This article delves into the perceptions and attitudes towards insurance among policyholders in Coimbatore District, one of the major urban centers in Tamil Nadu, known for its industrial, educational, and healthcare advancements. As Coimbatore continues to develop economically and technologically, its residents are expected to become more discerning and proactive about their insurance needs. The future of insurance in Coimbatore looks robust, with enhanced product offerings, improved service standards, and an overall greater integration into the everyday financial lives of its people.

Key words: Insurance, industrial, educational and healthcare.

1 INTRODUCTION

Coimbatore, with its mix of urban and rural populations, presents a unique landscape for the insurance sector. The city's residents display a varied range of attitudes towards different types of insurance policies, including life, health, automobile, and property insurance. Factors influencing these perceptions include economic status, educational background, cultural influences, and past experiences with insurance claims.

Objectives of the study: To provide a deeper understanding of policyholders' perception of insurance in Coimbatore, it is essential to clearly define the objectives of the study. These objectives help in focusing the research, guiding the data

collection, and ensuring that the findings are relevant to stakeholders including policymakers, insurance companies, and consumers themselves. Here are some detailed objectives that such a study might aim to achieve:

1. Assess the Level of Insurance Awareness and Understanding

This objective aims to evaluate the general knowledge that Coimbatore residents have about different types of insurance products (life, health, property, motor, etc.) and their features (coverage, premiums, claims process, etc.). Understanding the level of awareness can help identify gaps in knowledge and areas where more consumer education is needed.

2. Identify Factors Influencing Insurance Purchase Decisions

The study would explore the various factors that influence the decision-making process of individuals when purchasing insurance. These factors could include financial literacy, cultural influences, advice from peers or financial advisors, past experiences with insurance claims, perceived importance of insurance, and trust in insurance providers.

3. Analyze the Perception of Insurance as a Financial Tool

Investigating how insurance is perceived as a tool for financial security versus its perceived burdens (such as cost and complexity of products) is vital. This involves exploring attitudes towards insurance as a form of investment or a necessary expense to protect against potential future losses.

4. Examine the Impact of Digital Platforms on Insurance Purchasing Behavior

With the increasing use of digital technologies for buying insurance and managing policies, it is important to assess how these platforms are changing

consumer behavior. Objectives might include studying the adoption rates of digital tools, satisfaction levels with digital versus traditional purchase processes, and the effectiveness of online platforms in enhancing understanding and trust.

1.1 PERCEPTION OF INSURANCE: SECURITY VS. SKEPTICISM

For many in Coimbatore, insurance is primarily seen as a form of security against life's uncertainties. This is particularly true in the case of life and health insurance. The rising costs of healthcare in India have made health insurance a necessity rather than a luxury. Many policyholders view health insurance as crucial in managing high medical expenses, especially those related to hospitalization and chronic illnesses. However, there remains a degree of skepticism about insurance products due to issues such as claim denials, premium costs, and the perceived complexity of choosing the right policy. There's also a notable distrust in insurance companies, stemming from experiences where consumers feel their claims were not adequately handled or that the terms and conditions were too convoluted.

2. THE ROLE OF AWARENESS AND EDUCATION

Increased efforts by both governmental and private insurance bodies in Coimbatore have started to reshape this perception. Seminars, workshops, and active campaigns have been conducted to educate the public about the importance of having insurance and how to effectively choose and manage policies. Insurance literacy initiatives focus particularly on debunking myths surrounding insurance and explaining the terms and conditions in simpler language.

2.1 DIGITAL INFLUENCE AND ITS IMPACT

The rise of digital platforms has significantly influenced the insurance sector in Coimbatore. Online comparison tools, insurance apps, and digital advisors have made it easier for potential buyers to understand, compare, and purchase insurance policies. Younger policyholders, in particular, show a preference for managing their insurance digitally, appreciating the convenience and transparency it offers.

2.2 CULTURAL FACTORS AND COMMUNITY INFLUENCE

Cultural factors also play a significant role in shaping the insurance buying behavior in Coimbatore. In many cases, decisions regarding policies are influenced by family members, community leaders, or financial advisors. There is a tendency to follow the recommendations of trusted individuals rather than direct interaction with insurance companies.

2.3 CHALLENGES AND OPPORTUNITIES

While there is a growing acceptance of insurance in Coimbatore, challenges remain, such as reaching the rural and less tech-savvy population, addressing the concerns of those who have had negative experiences, and combating the general apathy towards non-life insurance categories like home and automobile insurance.

3. THE INFLUENCE OF ECONOMIC GROWTH ON INSURANCE PERCEPTION

Coimbatore's status as a booming hub for textiles, manufacturing, and information technology not only contributes to its economic growth but also to its residents' increasing disposable incomes. This economic upturn has heightened the perception of insurance from a mere safety measure to a vital financial tool for wealth preservation and risk management. Residents are now more inclined to invest in insurance policies as a safeguard against the volatility of business and personal finance. This shift is noticeable particularly among the middle class, who are the fastest-growing segment in the city and are now seeing insurance as a necessary investment rather than an optional expense.

3.1 INSURANCE AND HEALTHCARE DEVELOPMENTS

The healthcare sector in Coimbatore has expanded considerably, with hospitals and healthcare facilities becoming more advanced and, consequently, more expensive. The high cost of medical treatments has heightened the awareness and necessity of health insurance among residents. The COVID-19 pandemic further emphasized the importance of health insurance, with many who were previously indifferent to it considering health policies as essential. However, there is a noticeable gap in understanding

comprehensive health benefits, with many policyholders focusing primarily on hospitalization cover, often overlooking other aspects like preventive care, outpatient treatments, and alternative therapies, which are increasingly relevant.

3.2 MICROINSURANCE AS A GROWTH LEVER

Addressing the needs of the rural and underserved urban populations in Coimbatore, microinsurance products have seen a rise. These products are tailored to offer low-premium, high-benefit solutions for specific and general problems, making insurance accessible to the lower-income bracket. Sectors such as agriculture, which is a significant part of the rural economy around Coimbatore, increasingly benefit from microinsurance that covers crop failure, livestock, and other farm-related risks. The challenge lies in making these populations aware of the benefits and procedures related to microinsurance, which requires targeted educational campaigns and the involvement of local community leaders.

4.PERSONAL VARIABLES – ANALYSIS

To know about the consumers’ awareness level of insurance in Coimbatore city, data were collected from 320 respondents through Questionnaire. Simple random sampling is adopted for this study. The data were processed and tabulated using Microsoft Excel 2007 and SPSS version 19. Data analysis was performed using software package – IBM SPSS(Statistical Package for Social Science version 19). Cronbach’s coefficient alpha was used to test the reliability of the scale. It is also used to assess the internal consistency of individual constructs, subscales and overall scale. The rule of thumb is that the coefficient alpha must be above 0.7 for the scale to be reliable. The reliability for the present study was significant (Cronbach’s alpha: 0.8). The statistical tools used for analysis are: Simple percentage analysis and Chi-square test.

Table 4.1- Personal Factors

Factor	Group	No.	Percent
Age	Below 20 yrs	33	10.3
	21-30 yrs	66	20.6
	31-40 yrs	101	31.6
	More than 40 yrs	120	37.5
Gender	Male	251	78.4

	Female	69	21.6
Designation	Business	16	5.0
	Profession	7	2.2
	Employee	260	81.3
	Academician	24	7.5
	Others	13	4.1
Education	10 th	50	15.6
	Higher Secondary	58	18.1
	Degree/Diploma	140	43.8
	PG/Professional	72	22.5
Income of respondent	Below Rs.10000	121	37.8
	Rs.10001-20000	102	31.9
	Rs.20001-30000	73	22.8
	Above Rs.30000	24	7.5
Awareness about Insurance in Years	Below 5 yrs	59	18.4
	6-10 yrs	74	23.1
	11-20 yrs	139	43.4
	More than 20 yrs	48	15.0
Total		320	100.0

Out of 320 respondents, 37.5 percent of the respondents were in the age group of more than 40 years and minimum 10.3 percent of the respondents were in the age group of below 20 years. Gender refers to the socially constructed roles, behaviours, activities and attributes that a given society considers appropriate for men and women. Table 4.1 indicates that a maximum of 78.4 percent of the respondents were male and minimum of 21.6 percent of the respondents were female. While considering designation of the respondents, 81.3 percent of the respondents were employees and minimum of 2.2 percent of the respondents were professionals. Education is not only widens the knowledge but also helps to make use of rational and scientific approach to solve the problems. Education has positive impact on social life and the quality of life. The perception differs according to education. Educational level of respondents classified as 10th, Higher secondary, Degree/Diploma and PG/Professional. Among 320 respondents, a maximum of 43.8 percent the respondents were completed Degree/Diploma. Only 15.6 percent of the respondents completed 10th. According to their income level, 37.8 percent the respondents were earned below Rs.10,000 and minimum 7.5 percent of the respondents were earned above Rs.30,000. Life is a continuous chain of experiences. The above Table 4.1 reveals that 43.4 percent of the respondents have got aware about insurance for 11 to 20 years and minimum of 15 percent of the respondents have aware about insurance for more than 20 years.

Chi-Square Test
Association between awareness about Insurance and personal factors

Variable	Groups	Awareness about Insurance										Total		Calculated value	Table value	Df	Sig
		Very High		High		Moderate		Low		Very Low		No.	%				
		No.	%	No.	%	No.	%	No.	%	No.	%						
Age	Below 20 yrs	1	3.0	2	6.1	16	48.5	9	27.3	5	15.2	33	100.0	57.091	26.217	12	**
	21-30 yrs	9	13.6	13	19.7	23	34.8	12	18.2	9	13.6	66	100.0				
	31-40 yrs	20	19.8	33	32.7	23	22.8	21	20.8	4	4.0	101	100.0				
	> 40 yrs	48	40.0	30	25.0	24	20.0	15	12.5	3	2.5	120	100.0				
Gender	Male	61	24.3	56	22.3	78	31.1	43	17.1	13	5.2	251	100.0	13.377	13.277	4	**
	Female	17	24.6	22	31.9	8	11.6	14	20.3	8	11.6	69	100.0				
Education	10 th	-	-	-	-	27	54.0	15	30.0	8	16.0	50	100.0	147.730	26.217	12	**
	HSC	-	-	5	8.6	24	41.4	18	31.0	11	19.0	58	100.0				
	Degree/ Diploma	45	32.1	52	37.1	20	14.3	21	15.0	2	1.4	140	100.0				
	PG/ Professional	33	45.8	21	29.2	15	20.8	3	4.2	-	-	72	100.0				
Total		78	24.4	78	24.4	86	26.9	57	17.8	21	6.6	320	100.0				

CHI-SQUARE TEST

In order to find whether the selected personal factors are significantly associated with awareness about insurance, the following hypothesis were framed and tested.

Hypothesis 1: There is no significant association between age and awareness about Insurance.

Chi- Square test was applied to test the above hypothesis. The calculated value of Chi – Square is 57.091 which is greater than the table value of 21.217 at 1% level of significance. This shows that age is significantly associated with awareness about insurance. Hence the hypothesis is rejected.

Hypothesis 2: There is no significant association between gender and awareness about insurance.

Chi- Square test was applied to test the above hypothesis. The calculated value of Chi – Square is 13.377 which is greater than the table value of 13.277 at 1% level of significance . This shows that gender is significantly associated with awareness about Insurance. Hence the hypothesis is rejected.

Hypothesis 3: There is no significant association between education and awareness about Insurance.

Chi- Square test was applied to test the above hypothesis. The calculated value of Chi – Square is 147.730 which is greater than the table value of 26.217 at 1% level of significance. This shows that education is significantly associated with awareness about insurance. Hence the hypothesis is rejected.

4.1 THE FUTURE OUTLOOK

Looking forward, the insurance market in Coimbatore is poised for further growth. Innovations like telematics in auto insurance, wearable technology in health insurance, and the integration of artificial intelligence for personalized insurance offerings are anticipated to drive the next wave of growth and customer engagement. Additionally, the increasing trend of purchasing insurance through brokers and online platforms suggests a shift towards more informed decision-making among consumers.

5. CONCLUSION

Overall, the perception of insurance in Coimbatore is evolving positively, with increased awareness and the advent of digital tools enhancing transparency and trust. However, for insurance companies to further penetrate this market, continuous efforts in education, improved customer service, and innovative, customer-friendly products are essential. As Coimbatore continues to grow economically, the role of insurance in safeguarding this growth becomes increasingly significant, shaping a future where financial security becomes accessible to all its residents.

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