

Awareness study on IRDA measuring its performance outlook after its establishment

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Introduction

The sector of Life insurance is one of the important and growing sector which is having an sufficient prospects of grow that the rate of 15-20%, In India insurance is being the integrated part of their lives .It is the only financial asset which provides return with respect to the coverage of risk insurance. As the time going on and insurance is not giving any return except assurance of life, Investors are getting less interest in this. In the year 1956 Govt. of India nationalized insurance sector with the motive to make familiar rural sector with the insurance sector .With the privatization so many companies entered in this sector ,but as history repeats itself and with the introduction of more and more company, loophole for any working process gets flexible. After the inception of 1999 competition between the companies increased and to rise the level of satisfaction among customer was main question .Eventually to keep control on insurance company IRDA was introduced in the year 1999 with an reason to formulate, regulate and develop insurance policies to all the deserving lives also with the view to promote insurance and protect policy holder. The main objectives of IRDA is to protect the interest of the policy holder with the respect of principle amount and their rights .This article reflect the duties and performance of IRDA with the objective it was formed .This study is based on secondary data and previous reports which were being issued time to time on the basis of surveys, magazines etc.

Literature Review

Following studies have been conducted with respect to the related topics.

KUNATI RAJI REDDY, ROTTE KIRAN KUMAR, " INDIAN LIFE INSURANCE INDUSTRY– FUTURE OUTLOOK: The study shows that most of the Investors investing in life insurance with the expectation of return in future, scope of the life insurance in future is very bright just due to the larger population in India and people are not having any source of income in old age ,So they have to secure their future with the pension funds.

Mustafa. K, "RURAL LIFE INSURANCE MARKETING IN INDIA": The study demonstrate that almost 70 % of population is living In rural India now they are going for the life insurance policies ,and they are generally uneducated ,so they are unaware about the rights and obligation of the plans. In order to protect their interest. IRDA is making efforts to making them aware.

Dr. P. K. Gupta, " Customer Service in Contemporary Market Scenario – A Comparative Study of Customer Satisfaction in Public and Private Life Insurance Companies: This study shows that by the

way of liberalization of insurance sector main focus of the companies is on customer satisfaction, and quality of services, which gave the birth to competition among them. Findings of the studies were:

- Both Pvt. And Public were not able to understand the need of the customer.
- Quality of the services rendered by the life insurance co. was not upto the expectation of customers.
- Difference of Quality gap between Pvt. And public Co. was almost negligible.

Research Methodology

The research design for this article is formed in the way of descriptive design. The data collected for this study is secondary in nature and being collected from books, sites of IRDA, Annual reports.

Data Collection: Web Sites, surveys, journals, books magazines

Need and scope of study:

As we know that insurance sector is being very growing sector, and after privatization, globalization so many companies have been entered in this sector. This study has been done in order to come into knowledge with IRDA steps with awareness programme.

Objectives:

To study the steps taken by IRDA to make people aware about the insurance sector and to check the awareness level of employee to their grievance and their duties

Limitations:

As the data collected is secondary in nature (Annual reports, sites journal), which may carry forward certain errors towards the project.

Analysis and Interpretation

Fulfillment of Objective

- a) Appointment of OMBUDSMAN,,
- b) Birla Institute of Management Technology a graduate business school located in Greater Noida , established in 1988, offers a PGDM-IBM program in insurance business management .This program was launched in 2000 by the Centre for Insurance and Risk Management and is accredited by the Insurance Regulatory and Development Authority.
- c) Amity School of Insurance Banking and Actuarial science (ASIBAS) of Amity University, located in Noida and established in 2000, offers programs in insurance (MBA), insurance and banking (MBA), and actuarial sciences (M.Sc and B.Sc).
- d) The Chartered Insurance Institute(CII), UK has accorded recognition (by way of credits) to the BIMTECH PGDM-IBM program. Their two year PGDM program in insurance business has been recognized as equivalent to the Associate level of the Insurance Institute of India, Mumbai.

Analysation on the basis of survey report conducted by IRDA in 2011

Table 4.1

Awareness among household on basis of education regarding procedure and settlement of claim

Knowledge About settlement of claims	Illiterate	Upto primary school	Upto secondary school	Higher secondary school And above	all
A. Households' knowledge as to when claims of insurance get settled					
On maturity	60.00	65.18	72.36	76.85	74.62
On death	62.86	69.00	74.42	77.38	75.83
On hospitalisation	11.90	11.61	14.15	17.96	16.37
On theft	3.33	5.98	6.07	8.26	7.42
Loss due to damage	8.10	16.15	17.59	22.41	20.44
Others	0.95	1.44	1.72	1.97	1.85
Don't know	7.14	7.14	5.07	3.47	4.21
B. Households' knowledge about procedure involved in claims settlement					
Policy bond	56.19	62.51	70.45	73.11	71.49
Death certificate	37.62	52.34	60.96	70.25	66.05
Policy report	12.38	16.80	20.11	25.32	23.12
Hospital document	7.62	10.09	13.49	18.53	16.40

Others	4.29	2.81	4.13	4.93	4.55
Don't know	29.52	18.75	12.36	8.05	10.20
C. Knowledge about time taken for settlement of claims					
Upto one month	19.62	21.23	20.02	23.05	22.00
Three months	21.53	22.24	22.73	23.09	22.92
Six months	4.78	6.14	10.47	12.31	11.30
One year	0.96	2.38	2.53	3.05	2.83
More than one year	0.96	1.30	1.52	1.13	1.25
No specific time	14.83	12.35	14.47	17.99	16.56
Don't know	37.32	34.37	28.28	19.39	23.14
Number of insured households	210	1387	6,588	13,979	22164

Interpretation: It was seen that in both rural and urban areas, 42–43 per cent of the households felt that there could be disagreements or disputes relating to premium payment, and 39 per cent rural and 44 per cent urban households mentioned claim settlement as a possible cause for disagreement or dispute.

Table 4.2

Awareness among household on basis of education regarding grievance and dispute resolution

Knowledge about grievance and dispute resolution	Illiterate	Up to primary school	Upto secondary school	Higher secondary school and above	All
A. Views on possible cause for dispute or differences with insurance company					
Change of address	25.71	19.39	22.47	25.65	24.31
Receipt of policy	29.05	34.32	31.89	35.45	34.26
Premium related	27.14	37.06	39.74	45.22	42.91
Claim settlement	24.76	32.30	39.66	43.94	41.75
Others	3.81	7.14	5.75	4.34	4.93
None	10.00	8.51	7.91	5.67	6.55
B. Knowledge about what needs to be done in case of disagreement					
Approach agent	68.90	69.44	61.54	53.06	56.76
Approach company	17.22	18.03	24.71	32.02	28.83
Approach ombudsman/lokayukta	2.87	2.82	4.99	8.53	7.07
Others	0.96	0.94	1.10	1.64	1.43
Don't know	10.05	8.76	7.67	4.75	5.92
Number of insured households	210	1,387	6,588	13,979	22,164

Interpretation: The percentage of households giving these two reasons for disagreement increased with the increase in the level of education (i) a majority of households would approach (ii) approximately 30 per cent would approach the company; (iii) 6 per cent did not know what to do and whom to approach the agent in case of any disagreement or dispute (iv) the households' dependence on agents comes down with the rise in the level of education, thus making it more likely that they would approach the company directly.

Table 4.3 Awareness on the basis of occupation

A. Occupation	Insured Households			Uninsured Households		
	Rural	Urban	Total	Rural	Urban	Total
Self-employed in agriculture	36.28	2.38	19.67	34.98	3.46	16.20
Agricultural labour	3.56	0.52	2.07	11.09	1.17	5.18
Casual labour	9.52	13.69	11.56	28.34	36.21	33.03
Self-employed in non-agriculture	24.64	40.23	32.28	13.13	32.73	24.81
Regular wages and salaried	25.63	42.60	33.94	11.59	25.69	19.99
Others	0.36	0.60	0.48	0.87	0.73	0.79
B. Highest level of education						
Illiterate	1.41	0.47	0.95	4.20	2.07	2.93
Up to primary school	7.87	4.58	6.26	16.10	11.75	13.51
Up to secondary school	33.66	25.62	29.72	41.21	37.63	39.08
Higher secondary school and above	57.06	69.33	63.07	38.49	48.54	44.48
Total Number of Households	11301	10866	22167	3237	4774	8011

Interpretation:

- A higher proportion of insured households lie in the higher education category;
- The proportion of illiterates and those educated only up to primary school is higher among uninsured households; and
- Education could be an important prerequisite for household awareness and understanding of the benefits of insurance

Table 4.4 Awareness on the basis of type of insurance taken

Type of Insurance	Insured (%)			Uninsured (%)		
	Rural	Urban	All	Rural	Urban	All
No insurance	--	-	-	88.01	89.11	88.67
Life insurance	100.00	100.00	100.00	-	-	0.00
General insurance	2.89	4.82	3.84	0.62	0.65	0.64
Health insurance	5.27	6.59	5.92	0.56	0.44	0.49
Motor insurance	26.41	35.56	30.90	5.16	6.79	6.13
Tractor insurance	2.53	0.87	1.71	0.46	0.17	0.29
Livestock insurance	0.33	0.32	0.32	0.19	0.08	0.12
Accident insurance	1.81	1.52	1.66	0.40	0.25	0.31
Crop insurance	2.49	0.29	1.41	0.62	0.10	0.31
Pump insurance	0.06	0.01	0.04	0.46	0.27	0.35
Any other insurance	0.42	0.76	0.59	0.71	0.19	0.40

Interpretation: It states that in urban area people are aware about life insurance as compared to rural area, and they were less aware about other insurance plans as compared to life insurance policies.

Table 4.5

Awareness on the basis of gender

Category of insurance	Rural		Urban		Rural + Urban	
	Male	Female	Male	Female	Male	Female
Life insurance–government	82.37	17.63	77.33	22.67	79.80	20.20
Life insurance–private	81.07	18.93	76.56	23.44	78.91	21.09
General insurance–government	87.88	12.12	81.63	18.37	85.22	14.78
General insurance–private	86.67	13.33	72.00	28.00	81.43	18.57
Health insurance–government	76.09	23.91	64.44	35.56	70.33	29.67
Health insurance–private	70.59	29.41	65.52	34.48	67.39	32.61

Interpretation:

- Among those having insurance policies, the proportion of male members is much higher than that of females, for all types of insurance irrespective of whether the household is rural or urban;
- Although compared to women a much higher proportion of men are having health insurance cover, the gender difference is less pronounced among those having health insurance (70:30 for government, and 67:33 for private) as compared to those having life insurance (80:20)for government, and 79:21 for private);

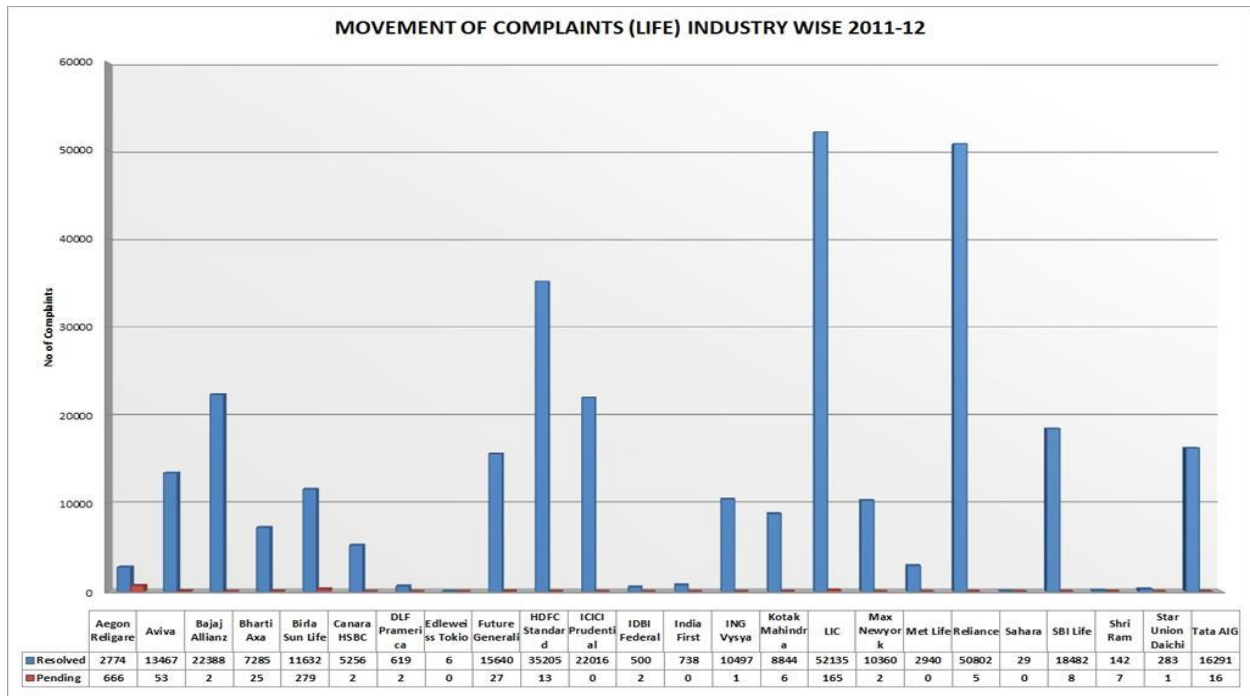
Table 4.6

Awareness on the basis of rights and duties if policy holder

Whether Households know their rights as policy holders	Illiterate	Up to primary	Up to secondary	Higher secondary and above	All
Yes	55.02	62.63	71.56	81.21	76.93
No	21.05	17.53	14.60	10.34	12.16
Can't say	23.92	19.84	13.84	8.44	10.91
Households knowing different rights					
Premium payment	76.16	71.95	72.22	70.78	71.26
Change of mode of premium	35.48	32.58	37.54	43.19	41.03
Change of nominee	25.10	36.96	38.05	48.93	45.15
Lock-in period	7.79	7.37	11.33	12.90	12.15
Surrender value	5.19	11.86	15.40	19.78	18.07
Others	2.60	2.76	4.43	4.03	4.07
Whether households know their duties					
Yes	78.37	82.14	84.98	89.80	87.78
No	13.94	9.83	8.19	5.26	6.50
Can't say	7.69	8.03	6.83	4.94	5.72
Households who know different duties					
Providing correct and factual information	23.70	27.47	37.87	44.05	41.12
Depositing premium in time	86.29	89.53	87.79	88.85	88.55
Informing insurance company of loss of policy 18.84 16.59 22.77				28.89	26.32
Informing insurance company of policy maturity	11.55	22.73	21.76	23.54	22.87
At the time of claim settlement	3.04	8.87	12.63	14.63	13.62
Others	1.22	0.53	1.20	1.44	1.32
Number of insured households	210	1,387	6,588	13,979	22,164

Interpretation: The level of education of the households seems to be an important factor in enhancing the level of awareness about the rights and duties of policy holders. The confidence that comes with knowing the rights and duties increases with the rise in the educational level. Moreover, the percentage of households which are not sure about their knowledge of the rights and duties declines with increases in the level of education.

GRIEVANCE AND COMPLAINTS ANALYSIS OF POLICY HOLDER(2011-2012)



Interpretation: The above data shows that cases which were solved concerned with the complaints was being resolved ,and pending cases were very less in number, It IRDA were successful in achieving the satisfaction level of policy holder by solving their complaints and grievances.

NUMBER OF COMPLAINTS ON BASIS OF POLICY TYPE(2012-13) LIFE

Type of Policy	Number of complaints
Conventional policy	43577
Health	1037
Pension policy(other than ULIP)	1725
Unit linked policy	24335
Others	5347
Total	76021

NUMBER OF COMPLAINTS SEGMENTWISE(2012-13) LIFE

Type of complaints	Number of complaints
Death claims	1359
Others	5341
Policy servicing	12681
Proposal processing	12229
Survival claims	7615
Ulip related	2455
Unfair Buss practices	34341
Total	76021

Interpretation: The above table shows that number of complaints have been reduced in first quarter of year 2012-13 as compared to no. of complaints in previous years.

Conclusion:

As the study is being conducted, according to this mostly urban people were aware about the life insurance policies, and IRDA which was established in 1999 took so many steps with way of colleges and institutes and it has been analysed that after coming IRDA into enforcement mostly people were aware about the life insurance policies and rights of the policy holder.

As now, most of the things are transparent with the help of IRDA and which reduce the complaints and increase satisfaction among the policy holder.

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