

Insurance Awareness and Perception Survey – India

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Abstract

This study aims to understand consumer knowledge and attitudes towards the insurance industry in India. The focus is on how well consumers understand the products that are available from insurance companies and we used a Google Forms based Online survey to collect primary data from our sample of respondents. We obtained a total of 67 completed surveys. Based on our findings, it was found that the respondents in this study appear to have high rates of penetration into the insurance market; however, they do not seem to understand the terms of their insurance policies or how a claim is submitted and processed, nor do they seem to know what limits they have on coverage. When compared to other types of insurance products, health and life insurance were the most frequently purchased products by respondents and the majority of respondents expressed dissatisfaction with health and life insurance products because of the length of time it took to receive a payment after submitting a claim and the lack of knowledge about the claim submission process. Our findings also identified significant disconnects between the messaging from insurance companies regarding their products and the knowledge of consumers regarding those same products. Some of the recommendations we make in our report include:

- a) Increasing the transparency surrounding insurance products
- b) Simplifying insurance documentation
- c) Improving customer service and
- d) Increasing the level of financial literacy in local communities.

Our findings will add to the current body of academic knowledge on this topic.

Introduction

The Insurance industry plays a key role in stimulating growth in India's economy by providing individuals with resources to help protect themselves from potential or unforeseen challenges in life (for example, when an individual suffers from a serious injury or illness, or becomes unemployed due to a natural disaster). Over the past 20 years, an increase in Private Sector Investment in Infrastructure and an increase in Wealth among the "Upper Class" and the "Middle Class" has resulted in a significant increase in activity in the Insurance Market within India. Continuing to support growth in the Insurance Market has been achieved through the passage of updated Laws and Regulations and through continued investment in the form of Financial Assistance by the Government of India.

At the same time, while these advances have been made, the majority of the population of India does not yet have a clear understanding of the various forms of Insurance Products, the importance of having such products available to protect themselves against these potential issues, how to submit an Insurance Claim to an Insurer and other related parties associated with that policy/claim, and what they might encounter when submitting a claim to their Insurer. A lack of familiarity with these matters presents a challenge to individuals and by not being aware of these challenges, creates the opportunity for confusion between the experiences and services offered by competing Insurance Companies.

This research aims to collect data on the current state of insurance awareness and the perceptions held by individuals living in India, as well as to provide an overview of current policy ownership patterns, consumer satisfaction levels in conjunction with the policy owned, a description of the problems encountered by the consumer when filing a claim, and to offer recommendations on the changes consumers would like to see made by their insurance provider.

Objectives of the Study:

1. To ascertain the degree of understanding that, and ownership over, insurance products that participants have.
2. To determine the level of satisfaction with the existing products and services provided through the insurance sector that customers are experiencing.
3. To demonstrate to participants the key issues facing policyholders in claiming and receiving their benefits.
4. To seek out any suggestions for improving existing products and/or services that customers have.

Methodology

A descriptive research design was employed for this study in order to assess participants' awareness of and perceptions of the insurance sector in India. The study involved the completion of surveys. The survey instrument for this study was a questionnaire developed in Google Forms. The format of the questionnaire permitted for the collection of quantitative (closed-end items) and qualitative (open-end items) responses. The quantitative data included information regarding ownership of insurance policies, the types of policies owned, degree of satisfaction with the insurance policies, claim history and recommendations for how to improve existing products or services.

Sample size and population

This study's sample size was 67 participants. The survey participants represented a broad range of age, occupation and income demographics, thus allowing for an extensive understanding of the insurance sector in India.

Sampling Technique

Convenience sampling was the method used to collect participant samples for this study

Collection of data

In order to gather information, an online survey was utilised, allowing for the anonymity and voluntary nature of participant responses to complete the form. The survey included demographic questions as well as multiple-choice questions about various types of insurance. There were also different levels of satisfaction reported on a Likert scale, and participants had the opportunity to provide comments on ways to improve the survey via an open-ended prompt.

Analysis of data

Responses collected were coded using percentage analysis for the quantitative data and thematic analysis for the qualitative responses to determine which themes were most prevalent for both quantitative and qualitative data.

Findings

The surveys offered insight into the awareness level, insurance ownership trends, insurance satisfaction, and issues experienced with regards to insurance products for each respondent to the survey within India. Since the goal of the present study is to assess the knowledge of insurance products held by respondents, analyses of data highlight how many different type(s) of insurance products each individual respondent has.

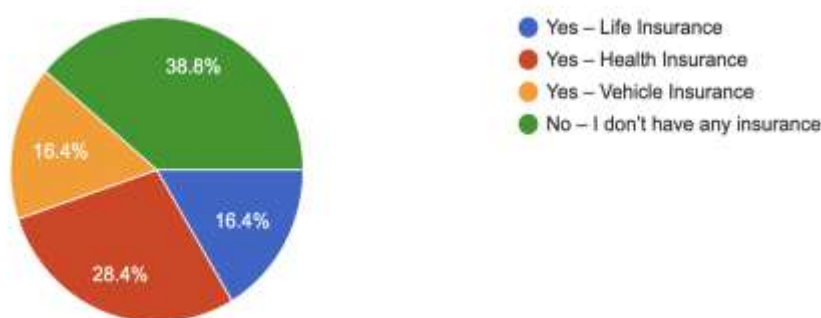
1. Demographic Profile

Respondents included various demographically diverse age groups, occupations, and educational levels. This demographic representation demonstrates that respondents across the entire sample of survey participants have different perceptions of insurance products; therefore, the findings obtained through the survey have the potential to assist those working in the field of "Insurance" in enhancing their knowledge of insurance products and services available to consumers.

2. Types of Insurance Policies Held

This study's results show how much insurance policies are owned by respondents. The data indicates most respondents own health and/or life insurance policies primarily

followed by auto and other types of specialty products. This shows that people put a lot of value into the purchase of products that provide them with financial security related to their health and life risks and have a greater level of awareness and interest in those two areas. On the flip side, there is significantly less interest in other types of insurance products such as travel insurance, personal property insurance and accident insurance among respondents.



(Chart: Types of Insurance Policies Owned)

3. Awareness and Understanding of Insurance

The study found that while participants had high levels of ownership of insurance policies, the majority of participants had a poor understanding of the terms, conditions, benefits and limitations of their major insurance policies. This supports the conclusion that many people choose to purchase their insurance policies based on referrals, as a workplace benefit, or an obligatory need to have insurance without fully understanding the workings of their policy.

4. Satisfaction and Claims-Related Experience

Overall, respondents were moderately satisfied with their insurance carrier. The top three reasons for dissatisfaction among residents were:

- Delay in processing claims
- Lack of full disclosure regarding fees

- Unclear language in the policy.

The study found that insurance companies are generally viewed positively by most respondents because of the extensive protection they provide.

5. Suggestions for Improvement

Participants indicated a need to be better informed about the terminology associated with their coverage; have quicker processing of their claims, obtain clearer, simplified documentation; have better customer service; obtain additional premium options that are less expensive to them than what is currently available.

Insurers are encouraged to foster a corporate culture, corporate climate, as well as corporate processes and policies that display a commitment to caring for the needs of customers.

Discussion

The findings will help to define the overall trend toward more consumer-oriented businesses in the insurance sector. While looking specifically at the types of products people have purchased (insurance), this study has identified that a large percentage of individuals in India currently have primarily purchased life and health insurance policies, revealing an overall trend among Indian consumers toward wanting to protect their families from the financial burden of paying for future medical expenses and/or unforeseen illness, and/or in providing security to their families (dependents) against unforeseen eventualities.

Additionally, this study has further demonstrated that the predominant factors influencing the purchase of life and health policies include an increased awareness of health risks and escalating health costs, as well as a desire to take an active interest in preparing for their financial future. Conversely, a limited number of respondents reported having purchased automobile insurance, homeowners insurance or specialty insurance indicating that there continues to be limited awareness and perceived value of these types of products among potential customers in India. A majority of those who responded to the survey have insurance; however, their lack of knowledge/information related to their policies, coverage details, etc. leads to moderate satisfaction levels and challenges in filing a claim. The survey indicated that many respondents were dissatisfied with the speed at which their claims were processed, they believed that they had to pay additional fees to an insurer to receive their claim, that the documentation was excessively complicated, and that they were not able to understand the processes; therefore, the insurance industry needs to make their

communication more clear and simplify the manner in which customers interact with insurance companies.

The timing is right for the insurance industry—especially companies providing health and/or life insurance—to take advantage of growing the customer base to develop increased transparency, improve financial literacy, and enhance the overall customer experience.

Conclusion

In conclusion, this research study provided a good overview of how many individuals in today's society are purchasing various types of insurance policies, (specifically life and health); however it also identified the lack of understanding that most individuals have regarding certain important factors (Terms, Benefits & Limitations), when it comes to their own insurance policies. As the majority of consumers start to become more educated about and put increased value on Financial Protection in our current society; consumers will be purchasing more "basic" types of insurance.

The analysis of the research study also demonstrated that many consumers feel frustrated with the experience of working with their insurance providers, due to the excessive amount of time it takes to process a claim, the lack of clear/concise policy documentation and the way in which insurance providers interact with their customers. As such, there are several ways to improve both customer service and increase customer confidence by creating a more transparent environment around the Policy Language and Policy Documentation.

As a general overview of the findings, this analysis shows that the majority of consumers will spend their hard-earned money on Insurance Policies to help provide protection from potential financial losses and/or legal liabilities. Therefore, it is essential for the entire Insurance Industry to create an environment that is easily navigable and that allows all customers to have more opportunities to educate themselves about their options for Financial Protection.

Recommendations

The results of this survey have laid out the following suggestions for insurance carriers and other entities within the industry:

1. Increase Transparency: Be transparent about your fees, your terms and conditions of business and your exclusionary clause when selling an insurance product (e.g., when a customer purchases a car insurance policy).

2. **Simplify Communication:** Use language that is easy to read or comprehend, such as plain English or normal speech, within all forms of communication including the brochures and contracts you use to inform customers.
3. **Expedite Claim Processing:** Create a more streamlined claims processing procedure to limit the amount of time it takes for customers to have their claims processed.
4. **Improve International Customer Service:** Train agents and staff to answer customer inquiries quickly and efficiently and help customers resolve their concerns as quickly as possible.
5. **Insurers can create various means of attracting new customers and retaining longer term customers** through the establishment of positive loyalty reward programs.
6. **Developing Public Awareness Happens Through Building From Existing Campaigns** - Many potential clients could be made aware of the many benefits available through the company's offerings through public campaigns created by an insurance company.
7. **Provide Fair and Varied Pricing Options:** Offer low-priced insurance (premium) rates for students and lower income consumers without reducing coverage levels.

References

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