A STUDY ON FACTORS DETERMINING SELECTION OF FOREIGN INSURANCE PLAYERS AMONG CONSUMERS

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Abstract
With the entry of foreign insurance players, the quantity of insurance companies in across the India has increased. More facilities are available in each and every place of the country even to towns, small cities and rural areas. With the rising perception among the individuals about the insurance, different products and services provided by the foreign insurance companies and accessibility of insurance facilities across the India, the Indian insurance sector is growing significantly. The exploratory factor analysis indicates that product differentiation, promotional measures, price, agents and convenience are the factors determining selection of foreign insurance players among consumers. The regression analysis shows that price, product differentiation, convenience and promotional measures are significantly and positively influencing the loyalty of consumers towards foreign insurance players. The agents of foreign insurance players should be cooperative, knowledgeable and respond properly to consumers and the foreign insurance companies must settle bills and claims without any problems. In addition, the foreign insurance players should understand clearly financial requirements of consumers and they must provide easily understandable terms and conditions for availing insurance policies and they should settle claims easily and timely without any delay.

Key Words: Consumers, Foreign Insurance Players, Selection.

1. Introduction
Insurance sector is one of the major sectors in financial system in India and Indian insurance sector is growing very quickly in recent times. As an outcome of liberalization of economy in India, many foreign insurance companies have come into existence which competes with both private insurance companies and domestic companies for capturing market share in insurance business. The largest beneficiaries of the reforms of the insurance sector are the consumers in India. High level of competition is the significant factor in affecting the composition and actions of the insurance system in India.

With the entry of foreign insurance players, the quantity of insurance companies in across the India has increased. More facilities are available in each and every place of the country even to towns, small cities and rural areas. With the rising perception among the individuals about the insurance, different products and services provided by the foreign insurance companies and accessibility of insurance facilities across the India, the Indian insurance sector is growing significantly.

The products and services provided by the foreign insurance companies are mostly similar in character and kind and hence, the consumers have different choices (Lee and Marlowe, 2003). Therefore, there are boundless switching choices and or consumers will select the alternative that provides maximum satisfaction and different factors that determines the selection of foreign insurance companies by consumers.

Foreign Insurance companies have to make a productive consumer base to improve their market share and have to identify factors that decide the selection of foreign insurance companies and have to put efforts on improving them. To avoid the migration of consumers and catching the new ones, it is very essential for the foreign insurance companies to know the preferences and level of satisfaction of the consumers to provide the products and services needed by them. Hence, the present research is made to study factors determining selection of foreign insurance players among consumers in Tirupur district.

2. Methodology
The Tirupur district is chosen for the present study. The 517 consumers of foreign insurance players are selected for the present study by using random sampling method. The frequency and percentage are worked out to know socio-economic status of consumers of foreign insurance players. To identify the factors determining selection of foreign insurance players among consumers, an exploratory factor analysis is done. The ANOVA (Analysis of Variance) test is carried out to examine the difference between socio-economic status of consumers and factors determining selection of foreign insurance players among consumers. To analyze the influence of factors determining selection of foreign insurance players among consumers on their loyalty towards foreign insurance players, the multiple linear regression is used.

3. Results And Discussion
3.1. Socio-Economic Status of Consumers of Foreign Insurance Players
The socio-economic status of consumers of foreign insurance players was analyzed and the results are presented in Table-1. The results show that 65.96 per cent of consumers are males and the remaining of 34.04 per cent of consumers are females. The results indicate that 28.63 per cent of consumers are in the age group of 31 – 40 years, 26.30 per cent of consumers are in the age group of 21 – 30 years, 23.79 per cent of consumers are in the age group of 41 – 50 years, 9.48 per cent of consumers are in the age group of 51 – 60 years, 6.58 per cent of consumers are in the age group of above 60 years and 5.22 per cent of consumers are in the age group of less than 20 years.

The results reveal that 26.11 per cent of consumers have educational qualification of under graduation, 22.82 per cent of consumers have educational qualification of post graduation, 17.22 per cent of consumers have educational qualification of higher secondary, 13.35 per cent of consumers have educational qualification of diploma, 10.44 per cent of consumers have educational qualification of secondary and 10.06 per cent of consumers are illiterates. The results show that 36.75 per cent of consumers are private employees, 24.18 per cent of consumers are government employees, 19.15 per cent of consumers are professionals, 14.51 per cent of consumers are businessmen and 5.41 per cent of consumers are agriculturists.

Table-1. Socio-Economic Status of Consumers of Foreign Insurance Players

Socio-Economic Status	Number of Consumers	Percentage
Gender		
Male	341	65.96
Female	176	34.04
Age Group		
Less than 20 years	27	5.22
21 – 30 years	136	26.30
31 – 40 years	148	28.63
41 – 50 years	123	23.79
51 – 60 years	49	9.48
Above 60 years	34	6.58
Educational Qualification		
Illiterates	52	10.06
Secondary	54	10.44
Higher Secondary	89	17.22
Diploma	69	13.35
Under Graduation	135	26.11
Post Graduation	118	22.82
Occupation		
Businessmen	75	14.51
Government Employees	125	24.18
Private Employees	190	36.75
Professionals	99	19.15
Agriculturists	28	5.41
Work Experience		
1 – 5 years	98	18.96
6 – 10 years	148	28.63
11 – 15 years	165	31.91
16 – 20 years	67	12.96
More than 20 years	39	7.54
Monthly Income		
Below Rs.20,000	102	19.73
Rs.20,001 – Rs.30,000	209	40.42
Rs.30,001 – Rs.40,000	105	20.31
Rs.40,001 – Rs.50,000	63	12.19
Above Rs.50,000	38	7.35

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The results indicate that 31.91 per cent of consumers have work experience of 11 – 15 years, 28.63 per cent of consumers have work experience of 6 – 10 years, 18.96 per cent of consumers have work experience of 1 – 5 years, 12.96 per cent of consumers have work experience of 16 – 20 years and 7.54 per cent of consumers have work experience of more than 20 years. The results reveal that 40.42 per cent of consumers are in the monthly income group of Rs.20,001 – Rs.30,000, 20.31 per cent of consumers are in the monthly income group of Rs.30,001 – Rs.40,000, 19.73 per cent of consumers are in the monthly income group of below Rs.20,000, 12.19 per cent of consumers are in the monthly income group of Rs.40,001 – Rs.50,000 and 7.35 per cent of consumers are in the monthly income group of above Rs.50,000.

3.2. Factors Determining Selection of Foreign Insurance Players Among Consumers
To identify the factors determining selection of foreign insurance players among consumers, an exploratory factor analysis is done and the results are presented in Table-2. The outcomes of Kaiser-Meyer-Olkin (KMO test) measure of sampling adequacy (KMO = 0.826) and Bartlett's test of Sphericity (Chi-square value = 0.0028; Significance = 0.000) reveals that the factor analysis method is suitable.

Five factors are extracted that account 79.27 per cent of variations on 25 variables and each of them contributes to 22.46 per cent, 19.35 per cent, 15.82 per cent, 11.90 per cent and 9.74 per cent respectively.

Table-2. Factors Determining Selection of Foreign Insurance Players among Consumers

Factor	Variables	Rotated Factor Loadings	Eigen Value	% of Variation	Factor Name
I	Variety of products	0.69	2.87	22.46	Product Differentiation
	Tax rebate	0.66			
	User friendly of products	0.71			
	Investment	0.64			
	Savings	0.70			
	Risk coverage	0.65			
	Product brochure	0.72			
II	Company's image	0.68	2.51	19.35	Promotional Measures
	Advertising	0.74			
	Direct marketing	0.69			
	Robust distribution channels	0.70			
	Sales promotion	0.65			
	Word of mouth	0.66			
III	Fair premium rate	0.61	1.76	15.82	Price
	Value for money	0.64			
	Services	0.68			
	Billing statements	0.62			
	Return	0.63			
IV	Agent's appearance	0.72	1.22	11.90	Agents
	Agents' behaviour	0.86			
	Agents' knowledge	0.63			
	Friendly responses	0.64			
V	Accessibility	0.67	1.03	9.74	Convenience
	Office ambience	0.63			
	Company's website	0.66			
	Cumulative % of Variation	-	-	79.27	-
	Cronbach's Alpha	-	-	-	0.87

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 12 iterations.
Factor-I consists of variety of products, tax rebate, user friendly of products, investment, savings, risk coverage and product brochure. Hence, this factor is named as **Product Differentiation.**

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Factor-II includes company's image, advertising, direct marketing, robust distribution channels, sales promotion and word of mouth. Therefore, this factor is named as **Promotional Measures.**

Factor-III comprises of fair premium rate, value for money, services, billing statements and return. So, this factor is named as **Price.**

Factor-IV encompasses agent's appearance, agents' behaviour, agents' knowledge and friendly responses. Thus, this factor is named as **Agents.**

Factor-V consists of accessibility, office ambience and company's website. Hence, this factor is named as **Convenience.**

Cronbach's Alpha value of the scale is 0.87 revealing that each measure shows acceptable level of internal consistency. It is inferred that product differentiation, promotional measures, price, agents and convenience are the factors determining selection of foreign insurance players among consumers.

3.3.Socio-Economic Status of Consumers And Factors Determining Selection of Foreign Insurance Players Among Consumers

To examine the difference between socio-economic status of consumers and factors determining selection of foreign insurance players among consumers, the ANOVA (Analysis of Variance) test is carried out and the results are presented inTable-3.

Table-3. Difference between Socio-Economic Status of Consumers and Factors Determining Selection of Foreign Insurance Players among Consumers

Particulars	F-Value	Sig.
Gender and Factors Determining Selection of Foreign Insurance Players	52.434[**]	.000
Age Group and Factors Determining Selection of Foreign Insurance Players	4.567[**]	.000
Educational Qualification and Factors Determining Selection of Foreign Insurance Players	5.993[**]	.000
Occupation and Factors Determining Selection of Foreign Insurance Players	10.857[**]	.000
Work Experience and Factors Determining Selection of Foreign Insurance Players	10.314[**]	.000
Monthly Income and Factors Determining Selection of Foreign Insurance Players	12.364[**]	.000

[**] Significant at one per cent level

The results reveal that the F-values are significant at one per cent level implying that there is significant difference between socio-economic status of consumers and factors determining selection of foreign insurance players among consumers. So, the null hypothesis of there is no significant difference between socio-economic status of consumers and factors determining selection of foreign insurance players among consumers is rejected.

3.4. Influence of Factors Determining Selection of Foreign Insurance Players Among Consumers on Their Loyalty Towards Foreign Insurance Players

To analyze the influence of factors determining selection of foreign insurance players among consumers on their loyalty towards foreign insurance players, the multiple linear regression is used and the results are presented in Table-4. The coefficient of multiple determination (R^2) is 0.54 and adjusted R^2 is 0.52 indicating the regression model is good fit. It reveals that 52.00 per cent of the variation in dependent variable is explained by the independent variables. The F-value of 9.432 is statistically significant at one per cent level showing that this regression model is significant.

Table-4. Influence of Factors Determining Selection of Foreign Insurance Players among Consumers on Their Loyalty towards Foreign Insurance Players

Factors Determining Selection of Foreign Insurance Players	Regression Co-efficients	t-value	Sig.
Intercept	16.748[**]	8.991	.000
Product Differentiation (X_1)	.320[**]	4.623	.000
Promotional Measures (X_2)	.201[**]	3.904	.000
Price (X_3)	.394[**]	4.995	.000
Agents (X_4)	-.155	1.428	.154
Convenience (X_5)	.276[**]	4.271	.000

R^2	0.54	-	-
Adjusted R^2	0.52	-	-
F	9.432	-	.000

[**] Significance at one per cent level

The results show that price, product differentiation, convenience and promotional measures are significantly and positively influencing the loyalty of consumers towards foreign insurance players at one per cent level. Thus, the null hypothesis of there is no significant influence of factors determining selection of foreign insurance players among consumers on their loyalty towards foreign insurance players is rejected.

4. Conclusion

The study reveals that majority of consumers are males and most of them are in the age group of 31 – 40 years. Majority of consumers are undergraduates and most of them are private sector employees. Majority of consumers have work experience of 11 – 15 years and most of them are in the monthly income group of Rs.20,001 – Rs.30,000.

The exploratory factor analysis indicates that product differentiation, promotional measures, price, agents and convenience are the factors determining selection of foreign insurance players among consumers. The regression analysis shows that price, product differentiation, convenience and promotional measures are significantly and positively influencing the loyalty of consumers towards foreign insurance players.

The agents of foreign insurance players should be cooperative, knowledgeable and respond properly to consumers and the foreign insurance companies must settle bills and claims without any problems. In addition, the foreign insurance players should understand clearly financial requirements of consumers and they must provide easily understandable terms and conditions for availing insurance policies and they should settle claims easily and timely without any delay.

The foreign insurance players must create awareness about features and returns of their insurance products among consumers through proper advertising and sales promotion measures. Besides, the foreign insurance players should introduce variety of new and innovative products in order to meet the different requirements of consumers and those products must be user friendly.The foreign insurance companies should communicate effectively and clearly about their various life insurance products to consumers through attractive brochure and website and these must be updated regularly. At the same time, the foreign insurance companies must be easily accessible and flexible and should charge fair premium rate for their products and provide superior quality of services to their consumers.

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