

## **A STUDY TO KNOW THE PREFERENCES, PERCEPTIONS AND AWARENESS LEVEL AMONG THE PEOPLE TOWARDS THE FIRE INSURANCE**

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### **ABSTRACT**

*This research work aims to study the people attitude and preferences towards fire insurance policies in the new market area of Dibrugarh Town, Assam. In this study an attempt is being made to know the awareness among the people towards fire insurance and also to have an idea about their satisfaction level regarding claim settlement and premium. Taking the above mentioned objectives into consideration a well set questionnaire was developed. The sample for the study was taken from the New Market area using the cluster random sampling technique and convenience sampling technique. Thus respondents were selected from these samples and were questioned through personal meeting.*

*The data collected were then analyzed using descriptive method. Certain statistical tools were also viewed for this purpose. From our analysis we were able to find that more number of people preferred government companies than the private, unawareness about various policies and other issues like terms and conditions, claim settlement, excessive dependence on agents etc. The respondents were unable to express their satisfaction level due to non evidence of claim settlement by most of them. From this small piece of research work it is difficult to derive a proper conclusion but an attempt was made to provide few suggestions which may be taken into consideration for improving the various problems discussed in this project.*

**KEYWORDS:** *Preferences, Awareness, Satisfaction Level, Claim Settlement.*

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### **Introduction**

Insurance is a form of risk management primarily used to protect from financial loss. An entity which provides insurance is known as an insurer and a person or entity who buys insurance is known as insured. The insured receives a contract called the insurance policy which provides the conditions and circumstances under which the insured will be financially compensated. Fire insurance is one of the type of insurance which covers damage or loss to a property because of fire. It is determined on the basis of risk and the value of property. Fire Insurance Business in India is governed by the All India Fire Tariff that lays down the terms of coverage, the premium rates and the conditions of the fire policy. The fire insurance policy has been renamed as Standard Fire and special peril policy.

### **Benefits of Fire Insurance**

- It provides the price of damage for the building.
- It provides the rc, if any home furnishings are damaged due to fire place incident, like plywood, home furniture, carpets and clothes.
- It provides alternative or maintenance price for the electronic items, which is broken due to fire place like T.V, Computer, Air coolers.
- It covers the price of share broken due to the fire.

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- It provides the loss of life advantages to an employee, in case of loss of life occurred due to the fire place incident.
- It provides the medical expenses for the employees, if they get injured due to the fireplace incident.

Fire accidents are very much unexpected but are heavily destructive. Hence, having a fire place insurance is very much essential.

#### **Objectives of the Study**

- To study the preferences and perception of people towards Fire Insurance.
- To study the awareness level among the people towards Fire Insurance
- To know the degree of satisfaction of the people regarding the fire Insurance provider with reference to their claim settlement, premium and business approach.

#### **Scope of the Study**

This research work presents the preference, perception and awareness among the people towards the fire insurance policies. The small piece of research covers an in-depth study of the performance of insurance companies. The scope of this study restricts itself to the Dibrugarh Town, Assam to know the peoples attitude and perception about fire insurance policies.

#### **Rationale of the Study**

Fire insurance is a form of property insurance which protects people from the cost incurred by fire. When a structure is covered by this type of insurance, the insurance policy will pay for its replacement or repair and prevents the insured from incurring further losses. Thus the researcher is motivated to take up this topic to study the preferences, perception and awareness among the people towards the fire insurance which will unfold some interesting facts which is not known to us.

#### **Research Methodology**

- **Choice of Research Design**
  - **Descriptive Research:** This type of research includes surveys and fact finding enquiries of different kinds. The major purpose of descriptive research is description of the state of affairs as it exists at present. The main characteristic of this method is that the researcher has no control over the variables; we can only report what has happened or what is happening.
  - **Preliminary Study:** The study was taken through general discussion and informal interview with the respondents at the New market Area in Dibrugarh Town. The discussion was mainly to get an idea about the preferences and perception towards fire insurance and to know awareness and satisfaction of the people regarding claim settlement and premium.
  - **Data collection:** For collection of data a questionnaire was prepared and data collected from shopkeepers in the new market of Dibrugarh through direct personal meeting. The study mainly relies on primary data. Secondary data was collected from diverse sources. Apart from books; internet also provided most important information.
  - **Sampling technique:** The sampling technique used was clustered random sampling and convenience sampling. The researcher has divided the whole population (new market shops) into 8 clusters according to our convenience. The cluster were:
    - R.k.b path and khemka market- cluster a
    - H. S road- cluster b
    - Mawaripatty -cluster c
    - Sonaripatty lane - cluster d
    - Jalukpara- cluster e
    - Coal road- cluster f
    - Loharpatty- cluster g
    - Kalibari- cluster h

The researcher has selected three clusters i.e. a, b and c by using simple random sampling technique. From these 3 selected clusters the researcher has not included all the shops in his sample, so researcher has used the convenience sampling for selecting the ultimate respondents. The researcher has taken 20 respondents from each of the 3 clusters. Thus, sample size consists of 60 shops.

### Limitations of the Study

The research work has suffered from certain limitations. For this reason, the study undertaken should not be regarded as completely satisfactory and reliable. Following are the limitations of the research:

- The survey is conducted in Dibrugarh Town and the conclusion of the study may not be generalized in broader prospective.
- Due to time constraint, it was not possible to carry out an intense and indepth study.
- Respondent may not give the correct and accurate answer to the question because of their indifferent attitude.

### Analysis and Interpretation

**Table 1: Respondents Preference towards Insurance Companies**

Particulars	National Insurance Co. Ltd.	New India assurance Co. Ltd.	Oriental Insurance Co.	Private Sector Co.	Total
Respondents	46	6	6	2	60
Expressed in %	77	10	10	3	100

(Source- primary survey)

### Interpretation

From the above data, it is clear that majority of the business concern i.e., 77% of the insured preferred National Insurance Co. Ltd., 10% each preferred New India Assurance Co. Ltd. and Oriental Insurance Co. but only 3% of the respondents preferred private sector companies.

**Table 2: Studied Information Brochure before Taking Insurance Policies**

Particulars	Yes	No	Total
Respondents	15	45	60
Expressed in %	25	75	100

(Source- Primary survey)

### Interpretation

From the above data and diagram it is clear that out of 60 respondents, 75% of the respondents did not study the information brochure and very less number of people i.e., 25% thinks that before taking insurance policies the insured should study the information brochure.

**Table 3: Investigate the Value of goods/ Property**

Particulars	Yes	No	Total
Respondents	52	8	60
Expressed in %	87	13	100

(Source- Primary survey)

### Interpretation

From the above it is observed that at the time of doing insurance, 87% of the insurance companies investigate the value of goods and property of the insured shop and 13% of the respondents opined that the insurance companies did not investigate the valuation of their property.

**Table 4: Way of Investigating the Valuation of Goods / Property**

Particulars	Physical Verification	Book Value	Accepting a lump sum value	Total
Respondents	14	16	30	60
Expressed in %	24	26	50	100

(Source- Primary survey)

### Interpretation

From the above it is observed that 50% of the companies make investigation of the valuation of goods by accepting a lump sum value. 26% of the company's preferred the book value and 24% of them preferred through physical verification.

**Table 5: Showing Satisfactory level of the Respondents Regarding Claim Settlement Procedure of Various Insurance Companies**

Levels	Highly Satisfactory	Moderately Satisfactory	Neutral	Not Satisfactory
No of respondents	5	16	37	2
Percentage	8.33	26.67	61.67	3.33

(Source- Primary survey)

### Interpretation

This table depicts that about 61.67% of the respondents were unable to express any opinion regarding this procedure with claim but on the other hand 26.67% of the respondents are moderately satisfied settlement procedure because they had till now never faced such a situation where they were required to file claim for any losses.

**Table 6: Showing Satisfaction level of Respondents Regarding Aspects of Premium, Business Approach, Claim Settlement etc.**

Levels of Satisfaction	Highly Satisfactory	Moderately Satisfactory	Neutral	Not Satisfactory
No of respondents	7	25	27	1
Percentage	11.67	41.67	45	1.66

(Source- Primary survey)

**Interpretation:-**This table depicts that about 45% of the respondent have not express their opinion as they go with the neutral, on the other 41.67% said that they were moderately satisfied. Reason for this may be people give more importance to claim settlement while judging the satisfaction.

**Table 7: Depicting the best medium for insurance companies for giving information and knowledge to general public about insurance policies**

Medium	Newspaper	Internet	Television	Banner	Agents
No of respondents	10	12	10	5	23
Percentage	16.67	20	16.67	8.33	38.33

(Source- Primary survey)

**Interpretation:-**From the above table it can be said that a major portion of respondents i.e. about 38.33% feel that agents act as the most important medium who can bridge the gap between the insurance company and general public. It also shows that respondents have also preferred newspaper and television equally as these are the two most popular modes of communication with the general masses. But nowadays it is seen that people are inclined towards the online modes of receiving or viewing information as time is a constraint for every working individual so percentage of respondents supporting it is slightly more than the traditional modes and stands at 20%.

**Table 8:- Depicting recommendation by respondents to others to take fire insurance policy**

Opinion	Yes	No
No of respondents	51	9
Percentage	85	15

(Source- Primary survey)

**Interpretation:-**In the above table it can be observed that 85% of the respondents has recommended others to take fire insurance policy as it acts as a backup for those who suffer uncertain financial losses. They have either suggested their friends, relatives or family members who have either started a new business or did not purchase fire insurance policy earlier.

### Finding at Glance

Based on a careful analysis and interpretation of the data collected from the field as well as on a tactful observation of the preferences, perception and awareness among the people towards the fire insurance policies, the following major findings have been drawn:

#### Findings Related to Objective 1

- Ñ A major portion of the population has preferred public sector insurance companies than the private sector because they believe that it gives more safety and security. And amongst the public sector insurance companies National Insurance Companies Ltd. Is mostly preferred.
- Ñ The study reveals that the insurance companies give the responsibility of investigating about the value of the property of the insured to the agents. These agents mostly accept the lump sum value for the valuation of goods and property of insured.
- Ñ While buying the insurance policies, it was disclosed that majority of our respondents opted for under insurance.

### **Findings Related to Objective 2**

- Most of the respondents are unaware about the various insurance policies but few of them has specifically mentioned some of the policies like specific, valued, comprehensive policy etc because they are totally dependent on their agents regarding the policy selection.
- The study also reveals that while taking insurance policies the respondents ignore the details regarding the policy document. The reasons may be due to small font size, limited time factor, lengthy procedure etc.
- Regarding the investigation about the valuation of goods or property at the time of doing the insurance, most of the respondents opined that they are fulfilling these criteria. According to the IRDA it is mandatory for the insurance companies to value property that is going to be insured.
- A major portion of the respondents are aware about the proper procedure of filling a claim at the time of happening of any contingencies.
- There are various modes through which the insurance companies conveys various information about policy details, newly introduced schemes and products and these include newspaper, internet, television, banner and agents. In this study it is seen that agents are considered to be the best medium for giving information and knowledge to the general public about the policies and procedures. This is because they are able to visit each customer personally and make them understand the terms of the policies in a simplified manner by clarifying their doubts if any.
- Most of the respondents believe that the insurance companies shall put thrust on the speedy claim settlement and transparency of terms and conditions laid down in the policy's document.

### **Findings Related to Objective 3**

- Most of the respondents opined that the premium fixed for a particular policy for the required sum assured is suitable. There is no such complaint regarding the fixing of the premium.
- Majority of the respondents has recommended others to take a fire insurance policy because they think that it provides adequate protection and financial support at the time of any accident.
- As insurance is a matter of trust. So most of the respondents are moderately satisfied regarding the business approach. And if we consider the aspect of claim settlement the respondents are unable to express their opinion.

### **Problems Identified**

During the course of the study, the following major problems have been come into focus:

- If the information brochure is not read carefully then the agents may manipulate the insured and they will not be aware of the details of information brochure.
- If the responsibility of investigating the value of goods is given to the agent they mostly accept whatever sum is disclosed by the insured. Sometimes it is seen that this creates misrepresentation of monetary values which may cause undue loss to the insurance companies.
- A major portion of the respondents are unaware of the claim settlement procedure because they are totally dependent on their agents where scope for manipulation by the agent arises.
- As most of the respondents have identified agents as the best medium for providing information and knowledge to the general public and ignored the other medium that is newspaper, internet etc. It is often seen that agents mostly work for their personal gains so they may be interested in selling some particular policies where their gain is on the higher side.
- People have identified certain areas where insurance companies should put thrust on simplifying the procedures of policies.

### **Suggestions and Recommendations**

Though with the help of this study it is not possible to give valuable suggestions but based on some problems and findings found from the primary data collection, some suggestions are being offered which are as follows:

- The people while purchasing an insurance policy should give due consideration to the policy terms and condition which were given in the policy document. If we are beneficiary for them as they will be aware of the various drawbacks of a particular policy which were not usually reveals by the agent. Moreover the companies should take necessary steps to improve the information

brochure. The font size of the pages containing terms and condition should be increased otherwise it become difficult and time consuming for person to go through it.

- Instead of giving the responsibility of valuing the goods and property to the agents at the time of selling policy, insurance companies should sent some of their official. It will help the companies to have a proper control as it is seen that the agent for the sake of increasing their benefit accepts a lump sum amount which may not be true. Instead of accepting a lump sum amount they should go for physical verification of goods and property.
- The insured while taking a policy should inquire about the claim settlement procedure. The settlement procedures are also mentioned in the terms and conditions. So people must try to understand this procedure. As per our finding they are mostly dependent on agents which are not a good practice as there is every chance of being manipulated if an insured is unaware of the facts.
- Instead of taking agents as the source of information about the insurance policies people should give more important to other source such as newspaper, internet, television etc. as these medium helps you to know in details about the various policies rather than insisting in taking a particular policy which an agent usually do.
- From our finding we would like to suggest to the various companies to give due consideration for simplifying the terms and conditions of the policies.
- Apart from these some other suggestion were provided below which should be given due consideration:
  - The companies should try to provide information regarding the different types of fire insurance policies to bring awareness among the public about the different polices. It is seen that the respondent were not even aware about the name of their own policies.
  - Throughout our study it is seen that too much dependent on agent, these shows that although they are taking the policy they have no such idea about the fire insurance. So it is suggested that the companies or the regulators should take step to make the people aware about various issues relating to the fire insurance.

### Conclusion

This is a very small piece of work to ascertain some realistic conclusion from it. It could have given a better view if a large area is taken into the preview of the study. But still from our research work we have derived certain points such as people were seen to preferred mostly the government sector insurance companies, respondents are more dependent on their agents and there is a lack of awareness regarding the different types of policies as well as the terms and conditions of various policies. Regarding satisfaction level they were unable to provide their opinion as majority of they have not experienced the claim settlement procedure. Thus to conclude we can say that although people are having fire insurance policies but they were not much aware about its types and various other issues about it and they were largely dependent on agents.

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