

A STUDY ON THE GROWTH, AND PERFORMANCE OF THE INSURANCE INDUSTRY IN INDIA WITH SPECIAL REFERENCE TO COIMBATORE CITY

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ABSTRACT

The insurance industry is a cornerstone of India's financial services sector, providing critical protection against a wide array of risks such as life, health, property, and business losses. It not only safeguards individuals and enterprises from financial shocks but also contributes significantly to national economic growth by mobilizing savings and facilitating infrastructure development. Over the past two decades, the Indian insurance industry has experienced rapid expansion, driven by liberalization, the entry of private and foreign players, and technological advancements. Despite these gains, India's insurance penetration and density remain below global benchmarks, highlighting persistent gaps in awareness, accessibility, and service delivery.

Keywords: *insurance, industry, awareness, satisfaction.*

INTRODUCTION

The Indian insurance industry has seen significant evolution since the 2000 liberalization, which introduced private players and foreign investment, boosting competition, product variety, and service quality. The sector is divided into life insurance, which covers life risks, and non-life insurance, covering areas like health, motor, and property. Despite growth, India's insurance penetration and density remain low due to factors like financial illiteracy and limited rural reach.

Statement of the Problem

The insurance industry in India has witnessed significant growth in recent years, contributing substantially to the economy and providing financial security to individuals and businesses. Despite this growth, consumer awareness, preferences, and satisfaction levels vary significantly across different regions. Coimbatore, a major city in Tamil Nadu, is no exception. While the insurance sector has expanded, there is a need to understand how the industry is perceived by the people of Coimbatore, their awareness of different insurance products, and the factors influencing their purchasing decisions.

Scope of the study

The study primarily aims to analyze the awareness, preferences, satisfaction, and suggestions related to insurance products among the selected sample. The findings of this study can be used by insurance providers, policymakers, and financial authorities to evaluate the current

state of insurance awareness and preferences within the target population. By analyzing the responses, the study will assist in understanding how consumers perceive different insurance products and services, enabling companies to better tailor their offerings. The research will also help identify key factors influencing the purchasing decisions, customer satisfaction levels, and areas for improvement in the insurance sector.

Objectives of the study

1. To study the growth and development of the insurance sector in India.
2. To assess the performance of insurance providers in Coimbatore city.
3. To analyse consumer awareness, preferences, and satisfaction levels.
4. To identify barriers and recommend strategies for improvement.

Research Methodology

- **Research Type:** This research is descriptive and analytical in nature, focusing on understanding the growth trends, role, and performance of the insurance industry.
- **Research Design:** A combination of primary and secondary data will be used to provide a comprehensive analysis.
- **Data Collection:**
 - **Primary Data:** Survey questionnaires filled by insurance policyholders and agents. Interviews with industry professionals.
 - **Secondary Data:** Annual reports from insurance companies. Industry reports and market research studies. Government publications and regulatory documents related to the insurance sector. Financial databases and online portals like IRDAI (Insurance Regulatory and Development Authority of India) for official data.
- **Sampling Method:** Convenience random sampling will be employed to ensure a representative sample from different segments of the insurance industry in Coimbatore.

Framework of Analysis

The analysis of the insurance industry's growth, role, and performance will be carried out using the following techniques:

1. **Percentage Analysis:** To calculate the percentage distribution of responses and data points across various survey categories.

Limitation of the Study

Every research comes with certain limitations that need to be acknowledged:

1. **Geographical Limitation:** The study is confined to Coimbatore city, and the findings may not be fully applicable to other regions in India.
2. **Data Availability:** Some insurance companies may not provide access to detailed financial data or market performance figures, limiting the scope of analysis.
3. **Sample Size:** The sample size for primary data collection, though adequate, may not fully represent the entire population of insurance customers in Coimbatore.

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Review of literature

Dr. R. Kumar and Prof. A. Sharma (2020), in their study titled "Growth and Challenges of the Indian Insurance Industry", analyzed the evolution of the Indian insurance sector post-liberalization. The study highlighted that after the introduction of private players in 2000, the market has experienced substantial growth, but still lags behind global standards in terms of insurance penetration. Secondary data and statistical tools were used to analyze growth trends over the last two decades. The study concluded that there is vast untapped potential in rural areas, and suggested that digital marketing strategies could be leveraged to increase awareness.

Dr. M. Reddy (2017), in his paper "Effectiveness of Marketing Strategies in Indian Insurance Industry", found that advertising and sales promotions are key to gaining consumer trust in the insurance industry. He employed a survey and statistical analysis using the chi-square test to understand the effectiveness of different marketing strategies across age groups. The study emphasized the growing role of social media and online advertising, particularly for millennials who are becoming the primary purchasers of life and health insurance. Reddy (2017) concluded that insurance companies need to improve brand trust and consumer education for better penetration.

Prof. S. Prakash and Dr. N. Kumar (2019) conducted a study titled "Consumer Behavior in Insurance Sector in India", focusing on the factors that influence consumer buying decisions. Through primary data collection (survey with 200 respondents), they analyzed factors like price sensitivity, brand loyalty, and product offerings. They found that brand reputation and consumer trust are crucial for life insurance purchases. Prakash & Kumar (2019) also highlighted that consumers in urban areas are more likely to purchase health insurance through online platforms compared to rural consumers.

Data Analysis and Interpretation:

Awareness of Insurance Products

Awareness Level	No. of Respondents	Percentage (%)
Aware	85	85
Not Aware	15	15

Interpretation: The high awareness (85%) indicates effective market reach, aided by agents, advertisements, and banks.

Types of Insurance Held

Type of Insurance	No. of Respondents	Percentage (%)
Life Insurance	40	40
Health Insurance	30	30
Term Insurance	15	15
Investment-linked (ULIP)	10	10
Others	5	5

Interpretation: Life and Health insurance are the most popular, reflecting people's focus on long-term security and health needs.

Source of Awareness

Source	No. of Respondents	Percentage (%)
Insurance Agent	32	32
Friends/Family	26	26
Advertisement	18	18
Bank	15	15
Others	9	9

Interpretation: Personal interactions through agents and family remain dominant, though digital and bank channels are growing.

Main Reason for Purchasing Insurance

Reason	No. of Respondents	Percentage (%)
Financial Security	40	40
Tax Benefits	20	20
Medical Benefits	18	18
Investment	15	15
Others	7	7

Interpretation: Financial security is the leading motivator, showing that people still view insurance primarily as risk coverage.

Customer Satisfaction

Satisfaction Level	No. of Respondents	Percentage (%)
Very Satisfied	22	22
Satisfied	40	40
Neutral	18	18
Unsatisfied	12	12
Very Unsatisfied	8	8

Interpretation: While 62% are satisfied or very satisfied, a combined 20% dissatisfaction highlights gaps in claim processes and service quality.

Preference for Purchasing Mode

Mode of Purchase	No. of Respondents	Percentage (%)
Insurance Agent	35	35
Online	30	30
Directly through Provider	20	20
Through Bank	10	10
Others	5	5

Interpretation: The online method is fast catching up, indicating a shift towards digital insurance buying.

Findings

1. The high awareness (85%) indicates effective market reach, aided by agents, advertisements, and banks.
2. Life and Health insurance are the most popular, reflecting people's focus on long-term security and health needs.
3. Personal interactions through agents and family remain dominant, though digital and bank channels are growing.
4. Financial security is the leading motivator, showing that people still view insurance primarily as risk coverage.
5. While 62% are satisfied or very satisfied, a combined 20% dissatisfaction highlights gaps in claim processes and service quality.
6. The online method is fast catching up, indicating a shift towards digital insurance buying.

CONCLUSION

The insurance industry in Coimbatore reflects promising growth, with high awareness and participation levels, especially in life and health segments. While overall satisfaction is strong, challenges like service quality and product complexity need attention. By focusing on digital transformation, customer education, and streamlined services, the insurance sector can deepen its impact in Coimbatore and serve as a model for other regions.

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