Research Article **Open Access**

Attitude of Agents towards the Services of General Insurance Corporation Subsidiary Companies in Madurai, Tamilnadu – A Study

Selvaraj N*

Department of Commerce, Saraswathi Narayanan College, Madurai, Tamilnadu, India

***Corresponding author:** Selvaraj N, Assistant Professor of Commerce, Saraswathi Narayanan College, Madurai, Tamilnadu, India, Tel:+0452 2690635; E-mail: selvaraj_narayanan@yahoo.com

Abstract

General Insurance Corporation was given the status of a company in 1972 and it commenced its business on the 1st of January of 1973. The Government of India subscribed to the capital of GIC. The organization today is on the point of opening up of new vistas, striving and straining to reach new heights and is surging ahead in quest of excellence. For the economic growth of the country, insurance provides a strong base and mind, protection against loss of property and adequate capital to produce more wealth. Insurance agent being an individual who receives or agrees to receive payment by way of commission or other remuneration in consideration of his soliciting or procuring insurance business including business relating to the continuance, renewal or revival of policies of insurance. In the present study the researcher has made an emphasis on the role of agents and problems faced by them of general insurance companies. The agency service is a vital organ of marketing of general insurance policies. The agents are the heart of the General Insurance Corporation. In the present study, the researcher has identified 18 variables and an attempt has been made to find out the factors influencing the agents in utilizing the four general insurance companies namely, NIAC, OIC, NIC and VIIC. The principal competent method of factor analysis has been employed to study the pattern of mutual inter-dependence among those variables using Kaiser's Varimax Criterion.

Introduction

The Indian economy is essentially a mixed economy. The private and public sectors have contributed significantly to the overall development of the country. In the present era of privatization the state sector is still an active participant in the economic, social and industrial fields. The directive principles laid down in the Constitution state that the economic policies of the government should be directed towards the establishment of a socialist pattern of society. It plays a vital role in the country's development, and the General Insurance Corporation has turned into a living reality. This transformation has not come about overnight. A breakthrough has been achieved on the strong foundation laid down by the people of this great institution, which provided confidence and inner strength to explore new frontiers through the programme of massive decentralization, development, expansion and diversification undertaken in the recent years. The organization today is on the point of opening up of new vistas, striving and straining to reach new heights and is surging ahead in quest of excellence. For the economic growth of the country, insurance provides a strong base and mind, protection against loss of property and adequate capital to produce more wealth [1].

General Insurance Corporation was given the status of a company in 1972 and it commenced its business on the 1st of January of 1973. The Government of India subscribed to the capital of GIC [2].

Period of the Study

The present study covers a period of ten years from 2014-15 to 2015-16.

Sources of data

To fulfill the objectives of the study the researcher has used the Primary data. Primary data is collected by means of protested interview schedules. A separate interview schedule is prepared for the agents of the four subsidiaries of General Insurance Corporation

Sampling design

A pilot study has been conducted to ascertain the opinion of various groups of agents. All the four subsidiaries of General Insurance Corporation working in Madurai District. They are New India Assurance Company Ltd., Oriental Insurance Company Ltd., United India Insurance Company Ltd., and National Insurance Company Ltd [3,4].

Agents

The Census method has been used to collect information from the four subsidiaries of General Insurance Corporation in Madurai District. The agents are the intermediary between the corporations and the clients. The researcher has used a proportionate stratified sampling technique to collect information from the agents. The researcher selected a sample of 30 per cent at random from each stratum. The sample size of agents is out of 500 agents, which accounts for (150) 30 percent of the total agents in the district [5].

Definition

According to the Insurance Act 1938 defines "Insurance Agent" as insurance agent licensed under section 42 being an individual who receives or agrees to receive payment by way of commission or other remuneration in consideration of his soliciting or procuring insurance

business including business relating to the continuance, renewal or revival of policies of insurance.

Attitude of agents

To study the factors influencing the policyholders before talking policies of the four general insurance company's viz., NIAC, OIC, NIC and UIIC Principal Component method of factor analysis has been followed. The following terms have been used in the analysis.

a)   **Factor:** A factor indicates underlying dimension that accounts for several variables.

b)   **Factor loading:** Factor loadings revel hour closely the observed variables are related to each one of the factors observed. They are known as factor variable correlation.

c)   **Eigen value:** Eigen value is the form of squared values of factor loadings related to a factor.

d)   **Communality:** Communality shows how much of the each observed variable is accounted for the factors taken together.

To make sense of the results of factor analysis, it is necessary to select the correct rotation. In the study, Kaiser Criterion (Varimax Orthogonal rotation) has been followed and the co-efficient of correlation among the factors have been less than 0.5. Further, the columns of the leading matrix which define factors have had several high and low values while the rows of the loading matrix which define variables vis-à-vis factors have had only high value. In the present study, the researcher has identified 18 variables and an attempt has been made to find out the factors influencing the agents in utilizing the four general insurance companies namely, NIAC, OIC, NIC and VIIC. The principal competent method of factor analysis has been employed to study the pattern of mutual inter-dependence among those variables using Kaiser's Varimax Criterion. In the present analysis, variables with factor loadings of more than or equal to 0.5 have been taken for discussion. All the variables have been selected for discussion. The selected variables have been assigned to a factor on the basis of their factor loading.

The rotated matrix of factor co-efficient given in table summarizes the results of factor analysis in respect of agents in four general insurance companies. The analysis has given five factors solutions to find out the influence of groups of inter-correlated variables on agents called factors, which is evident from table.

The analytical framework

Factor analysis was used to condense and analyses the attitude of the agents towards the services of the GIC Subsidiary Companies. The principal factor with the Orthogonal Varimax Rotation is used mostly and widely available in factor analytical computer programmed. One of the final results of a factor analysis is called the Rotated Factor Matrix, a table of coefficients that express the ratios between the attitude variables and the underlying factors. The attitude variables with factor loadings of 0.50 or greater have been considered significant variables. The following variables are listed:

- Adequate service from the officers of the Company
- Immediate claim acceptance and settlement
- Good hospitality
- Rules of the corporation for claim settlement is made easy
- Development Officers directly involving to assist the claimants' family
- members during the claim
- Payment of commission regularly and promptly
- The GIC has provide full information about the new policy
- Training facilities are not enough to update the knowledge of the agents.
- Rate of Commission is reasonable
- Assistance for redressal of complaining and grievances
- Norms followed by corporation is satisfactory
- Inspection and legal expenses are reasonable
- Lack of Company's assistance in marketing their products.
- Target of premium is too high
- Promotional schemes are not adequately implemented to induce the agents of the Corporation
- Performance appraisal methods are undertaken promptly
- Welfare measures of the corporation is not enough
- Proper statement of accounts is regularly.

In the factors all the variables have been positively loaded. It implied that all the variables in the factor have positive influence on the policyholders in taking the policies of General Insurance subsidiary Companies. It's the first time two variables are related to official procedures, the factors have been termed as procedural factors.

Sl. No	Attitude/variables	Factors Loadings					
		F1	F2	F3	F4	F5	H2
1	Rate of Commission is reasonable	0.8983	0.1373	0.0654	0.8057	0.0778	0.9513
2	Promotional schemes are not adequately implemented to induce the agents of the Corporation	0.8983	0.1373	0.0654	0.8057	0.0778	0.9374
3	Payment of commission regularly and promptly	0.6589	0.0589	0.0446	0.0485	0.0941	0.9199
4	Inspection and legal expenses are reasonable	0.5425	0.1039	0.1039	0.1948	0.3340	0.3974
5	Proper statement of accounts is regularly .	0.05509	0.9544	0.3191	0.0183	0.0677	0.5419
6	Good hospitality	0.05509	0.9544	0.3191	0.0183	0.0677	0.4509
7	The GIC has provide full information about the new policy	0.9264	0.5306	0.0336	0.2220	0.2783	0.3543

8	Training facilities are not enough to update the knowledge of the agents	0.1143	0.5513	0.2012	0.1577	0.1743	0.1720
9	Performance appraisal methods are undertaken promptly	0.1142	0.8418	0.9635	0.0333	0.0414	0.8426
10	Adequate service from the officers of the Company	0.1142	0.8418	0.9635	0.0333	0.0414	0.3219
11	Lack of Company's assistance in marketing their products	0.5875	0.1866	0.5381	0.0967	0.0533	0.3707
12	Immediate claim acceptance and settlement	0.1178	0.0723	0.1076	0.9522	0.0062	0.2948
13	Welfare measures of the corporation is not enough	0.1178	0.0723	0.1076	0.9522	0.0062	0.1072
14	Target of premium is too high	0.2258	0.1128	0.1833	0.5693	0.1352	0.1882
15	Development Officers directly involving to assist the claimants' family members during the claim	0.0513	0.1480	0.0999	0.0095	0.7123	
16	Norms followed by corporation is satisfactory	0.0561	0.0126	0.1345	0.0180	0.5907	0.8427
17	Assistance for redressal of complaining and grievances	0.1507	0.1217	0.2090	0.1989	0.5831	0.9513
18	Rules of the corporation for claim settlement is made easy	0.2457	0.2206	0.2734	0.0836	0.5546	0.9374
	Eigen Value	3.0138	2.5838	1.8036	1.6255	1.4753	0.9199
	Percentage of Variance	16.7	14.4	10.0	9.0	8.2	
	Cumulative Percentage	16.7	31.1	41.1	50.1	58.3	

Table 1: Rotated factor matrix for attitude of agents towards the services of GIC subsidiray companies.

Table 1 gives the loadings received by the factors F1, F2, F3, F4 and F5 and for the attitude variables of the agents towards the services of the General Insurance subsidiary Companies. It is seen from Table that the number of factors extracted was five. The ratios which have the highest and significant loading in each factor are grouped. That is the ratios which are most closely related to a particular factor are grouped. The last column in Table is communality (h^2), which is obtained by the sum of the squares of the factor loadings of each ratio. Subsequently, the results are interpreted by carefully examining the significant loadings for ratios clustering around each factor.

Factor I (F1): 'Rate of Commission is reasonable' (0.8983), 'Promotional schemes are not adequately implemented to induce the agents of the Corporation' (0.8983), Payment of commission regularly and promptly (0.6589), Inspection and legal expenses are reasonable (0.5425) as the above variable relate to the Product factor and service towards the GIC, factor I is characterized as "Product factor"

Factor II (F2): In the second factor, 'The Proper statement of accounts is regularly (.0.9544), 'Good hospitality' (0.9544), 'The GIC has provide full information about the new policy' (0.5306) 'Training facilities are not enough to update the knowledge of the agents' (0.5513),As the above variables (Factor II) is termed as , "procedural factor".

Factor III (F3): In the third factor, 'Performance appraisal methods are undertaken promptly' (0.9635), 'Adequate service from the officers of the Company' (0.9635) and 'Lack of Company's assistance in marketing their products' (0.5381), As these variable relate to the performance evaluation of the GIC, Factor III is characterized as "Performance evaluation and promotion ".

Factor IV (F4): In the Fourth Factor (F4), 'Immediate claim acceptance and settlement' (0.9522), "Welfare measures of the corporation is not enough' (0.9522), Target of premium is too high' (0.5693), As the above variables relate to satisfaction of the welfare measures are provided by the General Insurance Corporation to the Agents, Factor IV is named "Welfare measures of the agents".

Factor V (F5): In the Fifth Factor (F5), 'Development Officers directly involving to assist the claimants' family members during the claim' (0.7123), Norms followed by corporation is satisfactory 0.7123), 'Assistance for redressal of complaining and grievances (0.5831), Rules of the corporation for claim settlement is made easy (0.5546), as the above variables relate to the Security factor of agents, Factor V is named "Security and claim settlement".

The factor analysis shown in Table indicates that the variables 'Rate of Commission is reasonable' (0.8983), 'Promotional schemes are not adequately implemented to induce the agents of the Corporation' (0.8983), Payment of commission regularly and promptly (0.6589), Inspection and legal expenses are reasonable (0.5425) are loaded with positively and these determine the agents attitude positively towards the services of Subsidiary Companies of GIC in the study area. The implication is that the General Insurance Subsidiary Companies may concentrate more on these features to enhance its performance through selling of policies of GIC. The result of factor analysis bring home the point that the agents decisions to doing the business in General Insurance Subsidiaries are determined by product factor for GIC schemes to introduce to the agents with effective one and the payment of commission in promptly, finally the GIC Subsidiaries are to avoid the delay in settlement of claim.

In the present study the researcher has made an emphasis on the role of agents and problems faced by them of general insurance companies. The agency service is a vital organ of marketing of general insurance policies. The agents are the heart of the General Insurance Corporation. The agents are directly appointed by the branch office and development officers. Their qualifications, training method, termination have been studied in detail. The age group of the agents, their educational qualification and involvement in agency service has also been given in detail. The researcher has also evaluated the problems of getting commission, causes for the delay in payment of commission, problems in settlement of claims and the attitude of the agent towards the reason for the satisfaction of agency service.

Suggestions

- The authorized agents should give periodical counseling to the industrialists of Madurai District. This will enable the new entrepreneurs to insure the risk against loss.
- Areas may be fixed for agents to avoid unhealthy competition among agents.
- Further it is suggested that effective steps may be initiated to prevent the entry of control dummy agents, it they are completely eliminated, it solve would many problems of the agents.
- The prompt payment of commission would motivate the agents to improve insurance business.
- The agents are entitled to get 5 per cent commission in the General Insurance business. They feel that it is very low and inadequate compared to Life Insurance Corporation's and other agency services. Therefore it is suggested that a hike in the percentage of commission structure may be implemented.
- At present there are no promotions to the agents' in General Insurance subsidiary companies. The corporations shall take further steps to promote the agents on the basis of some grade viz, I, II, III, and IV etc., which will motivate the agents to improve their performance efficiency.
- Training imparts additional knowledge to a job. The General Insurance subsidiary companies shall revive the training scheme to the agents. The training should be given based on different grades of the agents.

- To promote the agents the General Insurance subsidiary companies may introduce the incentives like loans, advances, bonus, increments, etc., as prevailing in the Life Insurance Corporation. This will help the agents to improve their business on a long term basis.

Conclusion

The Indian insurance market has a vast potential with the globalization of trade and increasing industrialization. The entry of private sector has posed a threat to the existence of subsidiaries of General Insurance Corporation. In fact insurance is a just service offered and not a commodity bargained. The insurance market comprises of intermediaries on one side and prospective buyers on the other side. The confidence level depends upon the mutual understanding between the clients and agents. The claim is rightly said to be 'shop window' of an insurance company. The, claim section is surrounded by cumbersome formalities in settling the claims. Nobody raises an eye brow over the large number of fire claims annually settled by the GIC, but non-settlement of a single claim sometimes plays havoc which may immediately affect the business relationship with the client. Further, the spin off effects is that a dissatisfied client takes away then others with him. The absence of continuous training programme may also weaken the marketing capability of the agents. A study has shed more light on these problems. The Indian General Insurance market is matured enough to adopt the global changes and increasing of the infrastructural facilities and the bettering of the service will go a long way in enhancing the efficiency of the functioning of General Insurance Corporation.

References

1. Mishra MN (1995) Insurance Principles and Practice.
2. Rao RV (1992) Emerging trends in General insurance in India. The Insurance Times 12: 10-13.
3. Tia S, Alam S, Rich M (2007) Health Insurance. IRDA Journal 14-19.
4. Sunil M (2005) Managing Insurance: Managing the Agents. Vikalpa 30:115-117.
5. Adeesh S, Anil C (2007) How IT Improving the Business of Insurance. PCQUEST 57-61.