

# Review of Literature on Non-Life Insurance

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**Abstract** - Insurance is a part of financial system that takes care of financial consequences of certain specific contingencies both in the case of individuals and corporate bodies. Non-Life Insurance helps us to protect ourselves and the things we value, such as our homes, our cars and our valuables, against the risk of fire, earthquake, accident and theft. We can choose the types of risks we wish to cover by choosing the right kind of policy with the features we need. An attempt has been made to briefly review previous studies in the area of privatisation, liberalisation, rural insurance, bancassurance, IRDA, customer satisfaction, insurance coverage, insurance marketing and insurance growth etc.

**Keywords:** *Bancassurance, Customer Satisfaction, Insurance Coverage, Insurance Growth, Insurance Coverage, Privatization.*

## I. INTRODUCTION

Review of literature is a critical summary of research on a topic of interest, often prepared to put a research problem in a context. A review included a research report, which include a brief literature reviews with their introduction. To provide readers with a quick overview of the being addressed document the need for the new study & demonstrate how it will contribute to existing evidence. Review of literature is conducted to generate a theoretical and scientific knowledge about particular phenomenon and results in a synthesis of what is known and unknown about that phenomenon. The primary purpose of literature is to gain a broad background that available related to problems in conducting research, the literature review facilitates selecting a problem and purpose, developing a frame work and formulating a lesson plan. Literature review is a key step in research process. Review of relevant literature is an analysis and synthesis of research sources to generate a picture of what is known about a particular situation and knowledge gaps that exist in the situation.

Faulkner and Bowman (1997) in his paper, they examined that perceived value is equal to satisfaction level of customer. The satisfaction level is based on purchasing, using and repurchasing of a product or service. They have given the opinion that it is responsibility of intermediaries to give knowledge about products to the customers.

Arora (1988) in her doctoral work examined the role of GIC to provide finance to industry and also critically evaluated investment policies of GIC. The study revealed that the Investment Policy of GIC evolved within the ambit of the provisions of the Insurance Act 1938 and the guidelines provide by the government.

Gopala Krishina Murthy. Ch.S (2000) felt that the IRDA bill is necessary evil but the government of India should

take every care to see that the insurance sector and the Indian customer do not go from bad to worse. The insurance companies also should not become over critical and try to play their role with the greater responsibility in the best interest of the economy and the public. As the writing on the wall is very clear that the liberalization, privatization and globalization became the shibboleth of every government in the world today and India is no exception.

Essay John. M and Hanengsik (2001) described the effect of various unemployment insurance parameters on the composition and duration of unemployment across sectors literature exercise the effects of imperfect, experience rating of temporary lay of decisions. Imperfect experience rating in financing unemployment insurance leads to an insurance in unemployment duration.

Tamela Ferguson. D and William.L. Ferguson (2002) commented that the primary debate regarding insurance market reform in India seems to revolve around a few understandable key issues such as industry protection, fear of substantial outflow of capital, potential domestic loss, and the notion that domestic markets are already adequately several.

Shivaji Sarkar (2002) found that insurance is picking up with the entry of a large number of private insurers since December 2000. The public sector GIC and LIC have stolen a march over their private rivals. The GIC is treading into areas where the private insurers are shying to enter, areas like car insurance. The GIC has also established itself as an international brand. In Asia, GIC has emerged as the largest insurer apart from Japan. The GIC has set up offices in Moscow and London to tap new business. He feels that competition has been a blessing particularly for the public sector insurance companies. The public sector GIC has shown that it can live up to the competition.

Murthy. G.R.K (2003) lamented in his study that, corporate governance does not appear to have yet taken roots in the India Insurance Companies, though it has today become more than the conduct of business.

Tripathy (2004) in his paper has made an attempt to find out perception of customers towards services of insurance company through marketing variables. He has investigated the characteristics and preference of customers. He has analysed preference given by customers to different variables. The author suggested that to achieve greater insurance penetration, private companies have to create more vibrant and competitive industry, with greater efficiency, choice of products and value for customers.

According to Jawaharlal.U and Sarthak Kumar Rath (2005) customers are fully aware of the insurance policies and are well equipped with modern gadgets such as cell phones, laptops and various financials websites giving the insured the choice and information about the policies. Thus the customer's service representation can confidently cross sell and up sell and provide more personal service to individual customers.

Paul Kovacs (2005) says Home owners understand insurance coverage for hazards and they would like their insurance companies to send them information. Home owners are not very knowledgeable about how their property insurance protects from natural hazards and last prevention.

Anandaroop Bhattacharya & Nagarjuna. B (2006) explained about the changes that have been brought in insurance sector by the 1999 reforms which lifted restrictions on the private insurers from entering into the insurance market. He also emphasised the impact of foreign direct investment on the sector which has been liberalized since reforms.

Arthur Middleton Hyghes (2006) identified the strategies of insurers in getting customer feedback by way of interest, phone calls and personal interaction to secure the objectives of customers retention successfully. Arup Chattergee (2006) highlighted the importance of actuarial science in insurance business.

Deepak (2006) explained the concept of reinsurance as a risk management technique. According to him, reinsurance is a mechanism which insurance companies use to spread the risks assumed. Reinsurers offer a wide range of traditional and alternative forms for the assumption of risks of primary insurers. He observed that operation of reinsurers in Asia and Africa appears to be insignificant compared to the top reinsurers of world.

Mishra. K.C (2006) said that the MFI based insurance does have potential predominantly against death, health and property risks, and new opportunity appears before the

MFIs to mainstream Micro-insurance as the country's insurance sector is opened for the private sector.

Phil Zinkewiez (2006) touched upon the risk associated with out sourcing insurance company's business processes with in the US. The Insurance industry is no different with many insurers regarding their operations in an effort to cut cost. However, the insurance industry is different from many businesses in that insurance have always pride themselves on the relationship they have built with agents and insured.

Ragbir Singh & Arunesh Garg (2006) expressed that private insurance players have been able to capture a significant market share in the non-life insurance market and it is firmly believed that ultimately, most of the non-life insurance market will be taken over by private sector players, and public sector players will have to face a tough time. This warrants public sector companies leverage upon their strengths to give a tough fight to the private sector players.

Rao.G.V (2006) wanted the insurers to resort to internal costs, a dramatic improvement in professional expertise and a change in the basic mindset towards consumers. Rao.G.V, (2006) strongly felt that the Tariffs are prescriptive both in cover wording and the minimum prices to be changed by insurers. It is a sort of cartel of insures, and punishments are meted out to those insurers that breach them.

Venkata Ramana. B (2006) endorsed the view that the process of statutory reforms and revisions from time to time has made the consumer insurance contracts more and more comprehensive and consumer friendly. However, he expressed doubts as to what extent they have effectively served to protect of consumers interest, particularly in respect of personal lines of insurance like automobile and other classes of accident insurance.

Chandraiah. M, Saloman Raju. M and Sree Ramulu.M (2007) guessed that the opportunities to life and non-life business would grow immensely in the context of increasing the size of affluent middle class people with a gross domestic savings of about 23% of GDP.

Meghna (2007) considered that insurance as an institution that eliminates risk, substituting certainly for uncertainty. The human trait to minimize risk and take protection against possible failure.

Pragathi.R (2007) discussed that as per the CSO findings, Over 60% of the Indian Population is under 30 years of age, and a majority of them are working for MNCs and other private companies. Hence a long term investment for secured future has become a necessity which can be satisfied with investing in unit linked insurance plans making this very lucrative industry.

Ramana.B.V (2007) explained that Globalization is the process of interaction and integration among people,

companies and government of different nations, driven by pulls and pressures from developed economies and aided by the pace of information technology. It is further pointed out that insurance being an integral part of financial services could not claim immunity to the impact of the globalization process and thus followed suit and opened up to private and global players, world over including India, thanks to the persistent efforts of multinational companies (MNCs) and the wider world economic order. Moreover, the entry of private and foreign companies indicates that India, along with China, will continue to remain as the fastest growing emerging market in the world, as he felt.

Ravindra Rena (2007) observed that the most important factor in the development of insurance market in Eritrea is client relationship management. This was closely followed by further regulation and the emerging previously uninsured market. It is hoped that the emerging middle class will provide healthy growth to the industry and spur the growth of the agents. Technology heads up a second less important group which also includes new competition and market capacity in Eritrea. Despite of numerous challenges encountered in its trading environment, the NICE has been showing satisfactory performance in terms of profit and premium income and it is considered as one of the profitable insurance company in Africa, as per his study.

Khurana (2008) in his paper made an attempt to identify the customer's preference for various factors. He tried to examine customer's preference towards plans and policies of insurance companies, their purpose of buying the insurance policies, satisfaction level of customers and their future plans for insurance policies.

Sharma Aparajita (2011) in her study aims to develop the managerial competency framework for the middle level managers of the general insurance sector in India. Survey was conducted among ninety eight middle level managers of the public and private sector general insurance companies. The results revealed the fourteen managerial competencies: analytical skills, communication skills, creativity, decision-making, ability to delegate, flexibility, initiative, interpersonal skills, job knowledge, leadership, managerial skills, ability to motivate, ability to plan and team management. Job knowledge, managerial skills, were the most important skills. Other important skills were communication skill, inter-personal skill and team management.

Ms. Tnr. Kavitha, Dr. A. Latha, Ms. S.Jamuna (2012) discussed that the respondents' opinion on the various related statements were collected with a 5 point scaling. Factor analysis, an important multivariate technique has used to reduce the large number of factors in a small group of factors. 25 factors which are considered to be the different type of policyholders conscious. This study helps to find out the various customers which are having different

expectation from the General Insurance Companies in the study area.

Mihaela David (2013) says that the entire process of insurance consists in offering an equitable method of transferring the risk in exchange for a predetermined price or tariff. This article is a review paper that describes the fundamental concepts of insurance pricing and reviews the main statistical tools used in insurance to reasonably discriminate the price.

Chaitra K & Savitha.S (2014) This paper is an attempt to study the importance and the performance of GIC in the last five years (2008-09 to 2013-14). It also analyses its performances after releasing its hold on the four Subsidiary Companies. This paper also analyzes the major source of income i.e., Premium of the sampled unit and the major components of expenses i.e., Claims, Commission and Operating Expenses of GIC to measure its operating efficiency.

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Wondwossen Jerene (2016), says that the main objective of this study was to identify factors that determining non-life insurance companies' profitability in India. To achieve the objective financial report of eight general insurance companies (2 public and 6 private companies) collected from the year 2006 to 2016. The study recommended insurance managers may put significant attention on managing current assets and current liability to maintain optimal liquidity position while inflation also important from external variables.

Subhabaha Pal & Kaushik Bhattacharjee & Satyabrata Pal, (2017) This paper presents future prospects and growth potentiality of the non-life insurance sector in India along with the current state of the underwriting cycle prevalent in the Indian non-life insurance industry. This paper also presents a detailed analysis of the underwriting performance of the non-life insurance sector as a whole during the post-liberalization period of 2000-2001 to 2014-2015. It depicts a colorful prospect for the Indian non-life insurance industry in the next 10 years. This paper has also been devoted to the determination of the presence of an

underwriting cycle (pattern) that exists in the performances of the non-life insurance companies (public and private) during the last 15 years.

Kalpesh D. Naik & Preety J Panicker,(2018) in their study says that the vehicle insurances provided by general insurance companies are satisfactory to majority of customers. However, a minority believes that the service has to be improved. The area of improvement suggested are long term insurance policies (up to 3 years) without an annual renewal, reduction of period in claim settlements, reduced premium or Govt. subsidy for the farmers & low income families.

The ideology of insurers have taken a positive turn. Their primary focus is making the life of their customers easy. With the help of these technologies, insurance industry has realised that it will become profitable only when customers understand the complex nature of one the most important industries, that is, Insurance. With customers at the core, 2018 is bound to be a year of challenges, opportunities and of burgeoning technologies.

## II. CONCLUSION

The satisfaction level is based on purchasing, using and repurchasing of a product or service. Insurance companies should focus on aggressive advertising in the light of entry of private players. Non-life insurance should come out with more new products with very competitive pricing compared to offerings of the competitors. Non – life insurance companies should cut down a lengthy and cumbersome processes and time in claim settlement etc.

The above review of literature only speaks of the fact that insurance company in general and non-life insurance sector its reforms in particular could draw the attention by many scholars and intellectual enabling them come out with meaningful inferences and conclusions in varied respects of the field of study.

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