

## **CHAPTER III**

### **METHODOLOGY**

Methodology is a guideline system for solving a problem with specific components such as phases, tasks, methods, techniques and tools essentially the procedures by which researchers go about their work of describing and explaining. A systematic and careful analysis of information is of primary importance in any research to obtain reliable results. It is essential to have a systematic planning of data collection and employability of appropriate techniques for the analysis of information.

The methodology is discussed in this chapter under the following heads:

#### **3.1 Research Design**

Research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose. The present research study is a descriptive and analytical study in nature and it is based upon primary and secondary data. The main objectives of the present research study are:

- To find out the level of awareness about LIC MI among the policyholders in Coimbatore district.
- To understand the perception of MI policy holders about LIC micro insurance.
- To assess the level of satisfaction of LIC MI policy holders in Coimbatore District
- To study the role of intermediaries in the performance of LIC micro insurance.
- To identify the specific problems relating to micro insurance and to offer suggestions.

To carry out these objectives the following sampling design has been formulated.

### 3.2 Sampling Design - Sampling Size

In the LIC MI division of Coimbatore district there were totally 45 NGO's and 20 individual agents as intermediaries to distribute the LIC MI policies in 2012. Intermediaries are located in Coimbatore district and they are distributing the policies in different areas in the district that includes both rural and urban areas. There are 72,674 MI policies distributed through NGO's and MI individual agents in Coimbatore division for the study period. Out of that, 65% are distributed in Coimbatore district i.e 47,238 MI policies upto the year 2012-13. Among the four districts under LIC's Coimbatore MI division, Coimbatore district is leading in MI policies sales.

The details of the locations of the policy holders:

The total number of sample MI intermediaries are 39 (20 NGOs and 19 MI Agents) and total number of MI policy holders are 650, 381 hails from rural areas and 269 belongs to urban areas of the Coimbatore district.

The MI policy holders were chosen from all the 8 Taluks in the district namely Annur, Coimbatore (North), Coimbatore (South), Kinathukadavu, Mettupalayam, Pollachi, Sulur and Valparai.

The detail of the location of sample MI intermediaries and MI policy holders has been furnished in the following table.

Taluks	No of sample intermediaries	
	NGOs	MI Agent
Coimbatore (North)	3	4
Coimbatore (South)	4	4
Annur	3	1
Kinathukadavu	2	2
Pollachi	3	3
Valparai	1	1

Metupalayam	2	2
Sulur	2	2
<b>Total Number of sample respondents</b>	<b>20</b>	<b>19</b>
	<b>39</b>	

The following are the taluk wise list of areas (both urban and rural) where data has been collected for the study.

### 3.3 Sampling Method

A purposive sampling method is used for this study. Subsequently, extensive questions has been generated and a questionnaire has been drawn up separately for the MI policy holders and MI intermediaries of LIC of India. The study is based on a sample of 39 LIC MI intermediaries by using the convenience sampling technique with certain criteria. A sample of 650 LIC MI policy holders (from 39 MI intermediaries), were selected using multi stage sampling technique based on proportionate random sampling method. In addition, sample selection process was continued until the required sample size of about 650 responses from the LIC MI policy holders and 39 responses from the LIC MI intermediaries have been obtained.

### Discussions and informal interviews

In order to know the MI policy details and the contact addresses of the MI intermediaries data was collected from MI divisional office of LIC of India, Coimbatore. Discussions were held with the MI Manager and the other officers in the MI division. As per their information, forty NGO's undertook the micro life insurance business in Coimbatore district. Out of these twenty were selected working within the district. List of conventional micro insurance agents are also collected from divisional office, from that list nineteen agents were selected out of twenty.

LIC intermediaries mean Non Governmental Organizations and the conventional (individual) insurance agents. LIC of India allowed their conventional insurance agents to distribute the micro life insurance policies from July, 2012

onwards. This mode of selling micro life insurance policies is a fast growing trend in LIC. The NGO managers, MI in-charge in NGOs and MI individual agents were also met, to collect the data from the MI policyholders.

### **3.4 Period of Study**

The research study considered primary data from 650 policyholders and 39 MI intermediaries spread over the rural and urban areas of Coimbatore to have fair representation. The overall samples have been distributed equally and the required data was collected from the respondents by adopting a field survey. The primary data was collected from the selected respondents for the period of two years from Jan, 2012 to Dec, 2013.

### **3.5 Sources of Data**

#### **3.5.1 Primary data**

The first hand information regarding socio economic profile of MI policy holders, awareness, perception, insurance practices, policy status, level of satisfaction and the related problems have been collected from 650 LIC MI policy holders. The LIC MI policy holders who are willing and co-operative to give the information essentially required for this research study were considered and the data was collected from them.

The information regarding profile of MI intermediaries, services, problems and continuity of policies have been collected from 39 MI intermediaries i.e 20 NGO's and 19 Individual LIC MI agents. NGO's are distributing the policies through their SHG's and Individual agents are distributing policies directly to the people.

#### **3.5.2 Secondary data**

The required secondary data for studying the performance of LIC's Micro Insurance has been collected from the websites, journals, newspapers and reference books, government publications, published research works and LIC MI office.

### **3.6 Research study - Area**

Coimbatore district is a commercially vibrant and industrially advanced district with a well developed agricultural sector. It is also the educational hub of Tamil Nadu with advanced health centres. The transport and communication system is well developed. The people are having reasonable educational qualification and good purchasing power. They are aware of LIC and general life insurance policies.

Large number of MI life insurance policy holders and intermediaries like NGO's, SHG and MI agents are located in Coimbatore district. Moreover, Coimbatore micro insurance division of LIC of India is the head quarters for four districts namely Coimbatore, Nilgiris, Tirupur and Erode. Hence Coimbatore district fits as the most suitable area for this research study on growth and performance of micro insurance.