

***INCREASING POPULARITY OF MOBILE PHONE INSURANCE
AMONG CONSUMERS WITH REFERENCE TO MUMBAI***

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Abstract

Mobile Phones now days have become an integral part of human life. It is one of the most important assets for humans. Mobile Phone has become essential part of modern life. Almost all adults now –a- days own or use mobile phone. Children and youngsters also use mobile phones now days. Many of them have become dependent on these gadgets. It also possesses many of their personal, business and various important information. Safeguarding these gadgets has also become quite important. Therefore mobile phone insurance (MPI) is an increasingly popular product. In fact, for many younger people, MPI might be their first interaction with insurance. Mobile Phone Insurance (MPI) is a very important. Life's little accidents happen. And they can happen so easily. With MPI, one can stay in touch no matter what happens to mobile phone. If phone is lost or stolen, subject to market availability and geographic location, a replacement phone will be available. If your phone is damaged, it is likely to be repaired or replaced. With MPI the consumer can avoid paying the full cost of a new mobile phone. The consumer can be assured by coverage above and beyond the manufacturer's warranty. Mobile Phone Insurance can be broadly categorized as a two faced protection safeguarding the phone against technical faults and accidental breakages and thefts.

This research aims to study the concept of mobile phone insurance, its gaining popularity and the problems faced with these MPI policies. This paper would not merely be a theoretical reflection but will also include some practical views of the respondents. The data collection will be based on primary as well as secondary sources. The researcher will use required tools and techniques of analysis and interpret the finding.

Keywords

MPI: Mobile Phone Insurance, Mobile phones, Insurance.

Introduction

Today smart phone have become necessity in our life. It is an essential gadget that is carried by us to connect to the world and to be informed about latest news and updates. In the past mobile phone does not have that much functionality, the use of cell phone was to make calls to attend them only. Over the years with new innovations expands its functionality and now it has become essential part of smart phones and of our daily life. A big part of our daily life is covered by mobile phones, because we use it for many requirements. The growing popularity of electronic gadgets in India shows that people are willing to spend large sums of money sometimes even an entire month's salary to buy a mobile phone. The growing penetration of high end smart phone market in the country has also increased the number of cases of thefts and accidental damages.

There has been a growing trend for increasing gadget protection with consumers opting for mobile insurance including extended warranty and theft protection. By paying a simple annual premium, mobile insurance can safeguard the phone from accidental loss or theft.

Most major wireless carriers, insurance specialists, device OEMs, retailers and even banks now offer insurance plans that cover theft, loss, malfunctions and damage of mobile phones.

Many policies now also integrate enhanced technical support and additional protection features such as data backup facilities, allowing users to securely backup their phone data online.

Objectives

- 1) To study the Concept of Mobile Phone Insurance (MPI).
- 2) To study Consumer's purchase pattern towards Mobile Phone Insurance
- 3) To study Customer Satisfaction with regards to Mobile Phone Insurance and MPI services

Problems

- 1) Mobile Phone Insurance is a new concept and hence much secondary data is not available.
- 2) As it is new concept, customer awareness about Mobile Phone Insurance is low.
- 3) Mobile Phone Insurance is valid for a limited period of 1 year only.

Hypothesis

- 1) There is no significant relationship between Mobile phone Insurance and its awareness

Concepts

Insurance

Insurance is the equitable transfer of the risk of a loss, from one entity to another in exchange for money. It is a form of risk management primarily used to hedge against the risk of a contingent, uncertain loss. An insurer, or insurance carrier, is selling the insurance; the insured, or policyholder, is the person or entity buying the insurance policy. The amount of money to be charged for a certain amount of insurance coverage is called the premium. Risk management, the practice of appraising and controlling risk, has evolved as a discrete field of study and practice.

The transaction involves the insured assuming a guaranteed and known relatively small loss in the form of payment to the insurer in exchange for the insurer's promise to compensate (indemnity) the insured in the case of a financial (personal) loss. The insured receives a contract, called the insurance policy, which details the conditions and circumstances under which the insured will be financially compensated.

Insurance involves pooling funds from many insured entities (known as exposures) to pay for the losses that some may incur. The insured entities are therefore protected from risk for a fee, with the fee being dependent upon the frequency and severity of the event occurring. In order to be an insurable risk, the risk insured against must meet certain characteristics.

Insurance is a special type of contract between an insurance company and its clients in which the insurance company agrees that on the happening of certain events the insurance company will either make the payment to its client or meet certain costs.

Mobile Phones

A mobile phone is a telephone that can make and receive calls over a radio frequency carrier while the user is moving within a telephone service area. The radio frequency link establishes a connection to the switching systems of a mobile phone operator, which provides access to the public switched telephone network (PSTN). Most modern mobile telephone services use cellular network architecture, and therefore mobile telephones are often also called cellular telephones or cell phones. In addition to telephony, modern mobile phones support a variety of other services, such as text messaging, MMS, email, Internet access, short-range wireless communications (infrared, Bluetooth), business applications, gaming, and photography. Mobile phones which offer these and more general computing capabilities are referred to as smart phones.

Smart Phones

A smart phone is a mobile phone with an advanced mobile operating system which combines features of a personal computer operating system with other features useful for mobile or handheld use. They typically combine the features of a cell phone with those of other popular mobile devices, such as personal digital assistant (PDA), media player and GPS navigation unit. Most smart phones can access the Internet, have a touch screen user interface, with either a Gorilla Glass, sapphire, or similar screen, can run third-party apps, music players and are camera phones.

Understanding Mobile Phone Insurance

Mobile Phone Insurance can be broadly categorized as a two faced protection safeguarding the phone against technical faults and accidental breakages and thefts. Most mobile phones come with a company warranty of one year. This effectively means that any technical defect is covered by the manufacturing company.

Since most high end smart phones available in the market today have a good shelf life, they usually start getting technical glitches after one or two years. When such technical faults occur after the expiry of the warranty period, the customer has to bear the expenses of the phone repair which are usually high in smart phones. The best way to avoid such scenario is to opt for extended warranty.

Extended Warranty

Mobile phone manufacturers as well as private players are now focused on offering extended warranty support to the mobile phone customers. Extended warranty gives the customer the added layer of protection even after the expiry of the first year of warranty. Extended warranty must be purchased within three days of purchases of the mobile phone. Considering the high cost of mobile phone repairs especially for smart phones, a nominal premium for extended warranty is highly recommended.

Scope of Mobile Phones Insurance

The premium of the policy is based on the overall cost of the phone. A mobile phone policy covers against:

1. Theft
2. Fire
3. Riot, malicious damage, strike and terrorist activities
4. Accidents
5. Unexpected circumstances

Exclusions under Mobile Phone Insurance

Exclusions under the mobile phone insurance policy are

- Mysterious disappearance of the phone.
- Theft of the mobile phone from vehicles that are left unattended. An exception to this is if the theft happens from a fully enclosed car that is securely locked.

- If you have hired or loaned the phone to a third party, and the theft, damage or loss happens during the period.
- In case of an electronic or mechanical breakdown of the phone.
- Overloading and experimentation involving imposition of any abnormal conditions.
- The policy does not cover damage caused by wear and tear to the phone or due to atmospheric or climatic condition. Gradual deterioration, inherent defect or from any process of cleaning, repairing or maintenance are also excluded from the policy.
- Loss or damage due to war or nuclear perils, loss by water or from any water-borne activity.
- Intentional or willful act of the insured party.

Mobile Phone Insurance Claim Process

In case an insured mobile phone is lost or stolen the customer needs to file a police complaint at the nearest police station. The mobile invoice or bill along with the police FIR must be submitted to the insurance service company or mobile store. All mobile insurance claims must be filed within 48 hours of the loss of the phone to obtain insurance claims.

It is the Insurance company's responsibility that it should inform the customers about all these terms/ conditions, rules and facts at the time of the purchase and the customers should be well aware of these policies before purchasing any such insurance policy so that it may not lead to any disputes, disappointment etc at a later stage.

Rates And Depreciation Calculations

The premium rates of the insurance policies differ from company to company. Each company has a different premium plan/ structure. Usually premiums depend upon the cost of purchase of the mobile phone or the bill amount. Generally mobile insurance policy premium is calculated at about Rs 50 – 75 per Rs 1000 of the amount indemnified. Depreciation of the mobile phone cost when calculating claims is another significant factor. If the mobile is lost and a claim is filed

within 90 days of purchase, zero depreciation is considered. From 91 days to 180 day period, 25 per cent cost is depreciated while anything over 181 days leads to 50 per cent depreciation of the cost.

The Benefits Of Mobile Phone Insurance

Those people who own mobile phone warranties and insurance will oftentimes have multiple complaints concerning their mobile phone warranty, as it didn't help them significantly during occasions when they needed help pertaining to their cell phone. In order to avoid a similar predicament, it truly is really necessary that folks obtain mobile phone insurance. Individuals who have not previously purchase cell phone insurance for their phone, still cannot deny the many benefits that everyone can reap from it. Theft and unexpected accidents that can cause damage to your phone are several of the many different things that people will not be covered for unless they have purchased phone insurance. But when these people obtain insurance for their cell phone, they can always be sure that they are protected from these circumstances.

Reasons To Purchase It

There are actually quite a few other reasons why people should always consider buying cellular phone warranty. Men and women should always be covered for natural catastrophes that they have no control over, such as types of fires, flooding, and many other forms of tragedies. But, basic cell phone warranties almost never cover these. When individuals buy their cell phone coverage and insurance, they are also completely covered for 'minor' details, such as loss of software, or damage to software. Insurance coverage for these issues, such as water damage, as well as things like cracked screens or broken keyboards is also offered when people get cell phone insurance. When individuals obtain and buy their phone coverage, they can finally utilize their cell phones without having to worry or concern about the potential impairments that mobile phones are naturally bound to face. When people purchase their phone insurance, they have the ability to get coverage for almost everything.

Protection Against Damages

With a majority of people today choosing to purchase expensive, high quality phones, if the phone happened to ever sustain any kind of damage, it's natural for the owner to be extremely upset. When folks purchase insurance for their phones, they can then be confident that even if tragedy does strike, they will not have to suffer the large expense of purchasing a completely brand new phone. There are actually a lot of advantages from purchasing mobile phone insurance, those of which you cannot reap just from a warranty. Mobile phone coverage always pays for the cost of any cell phone replacement costs. If the telephone is extremely broken and cannot be repaired whatsoever, the insurance corporation will then substitute the phone at no cost to you. Phone insurance is worldwide today, and is now available for everyone to reap advantages and benefits from. If by chance something unexpected does happen to the phone, receiving reimbursement is extremely painless and simple.

Data Collection

Questionnaire method has been used to study the MPI (Mobile Phone Insurance) market and the customer's experience and satisfaction. The data has been collected with the help of Web based Questionnaire from 45 responses.

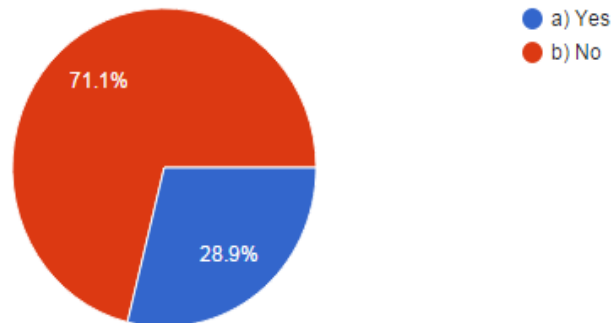
The following is the link to the web based questionnaire created for this research project:

<http://goo.gl/forms/CxS6Qu8ujd>

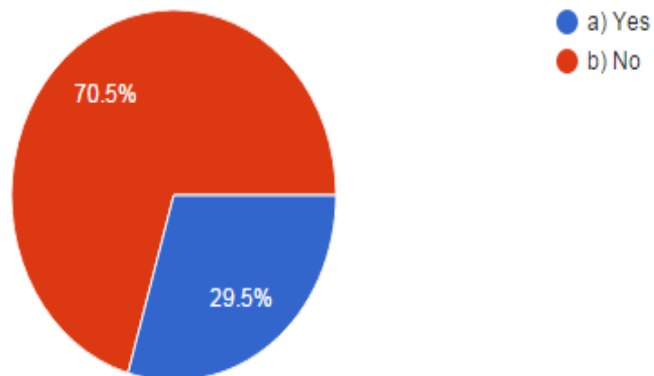
Testing Of Hypothesis

Have you seen advertisements for Mobile Phone Insurance Policies?

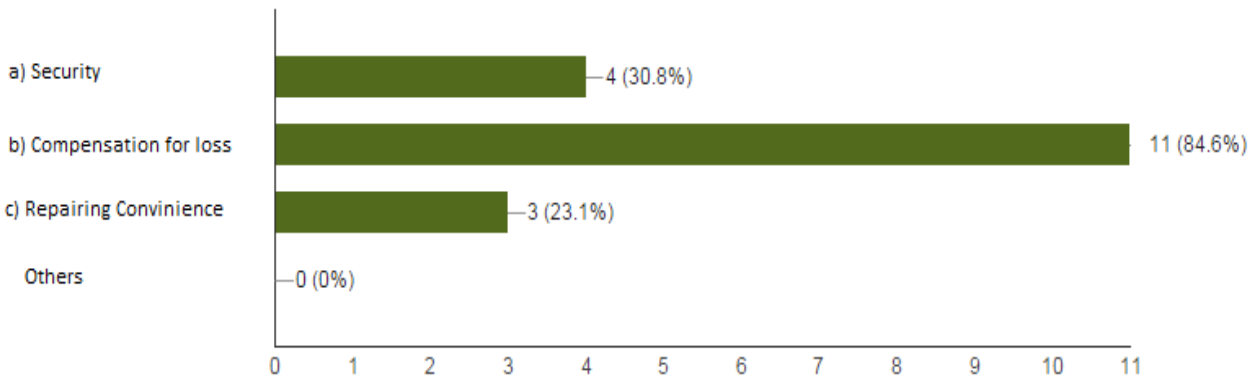
(45 responses)



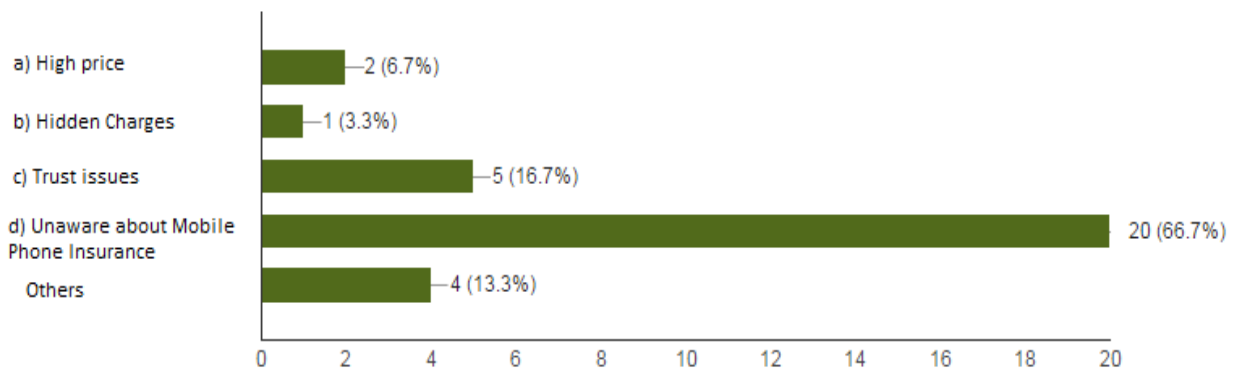
Have you purchased an insurance policy for your phone? (44 responses)



If yes, what made you purchase the policy? (13 responses)

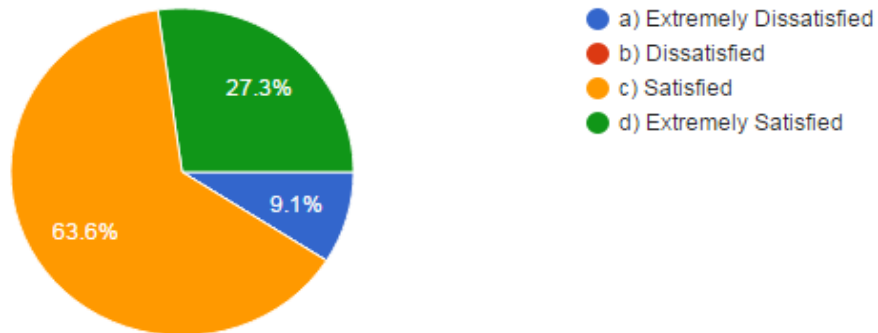


If no, why did you not purchase an insurance policy? (30 responses)

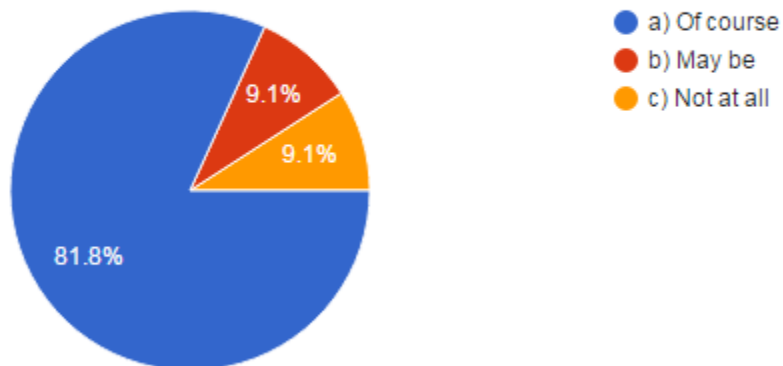


Were you satisfied with the service provided and the solution provided to you by the insurance company?

(11 responses)



Will you recommend the same insurance policy to others? (11 responses)



Hence we accept the null hypothesis that there is no significant relationship between Mobile phone Insurance and its awareness

Findings

Through the study it has been observed that almost all the respondents were Smartphone users and majority of them were using Samsung mobile phones. Majority of the respondents had mobile phones of value between 10,000 – 20,000 INR.

71% of the respondents have not seen any advertisements related to Mobile Phone Insurance Policies. Only 29.5% of the total respondents have purchased MPI policies for their Smartphone's and 70.5% of the total respondents have not purchased any MPI policies for their mobile phones.

All Mobile Phone Insurance Policies holders accepted that compensation for loss was the biggest factor for their purchase of MPI policies followed by security and then repairing convenience.

A majority of 66.7% of the Non-MPI holders elected Unawareness about Mobile Phone Insurance policies as the main reason of not purchasing any MPI policy for their mobile phones. While high prices were among the other reasons of not purchasing an MPI policy for the respondents.

Out of the total MPI user respondents 72.7% have purchased MPI policy from Apps daily Company followed by Syska Gadget Security, Quick heal Gadget Security and Bajaj Allianz Insurance equally at 9.1%.

Out of those, 83.3% of the users have purchased these policies from Mobile retail stores and 16.7% from online retailers.

71.4% of them purchased the MPI policy along with the Mobile phone whereas, 28.6% of them purchased the MPI policy separately.

Availability was elected as the main reason of purchase of the MPI policy of the particular purchased brand followed by best coverage and then best price and best policies.

91.7% of them agreed that they were properly informed about all the formalities, payments, conditions, etc at the time of purchase of the insurance policy, the cost of the MPI varied according to the value of the Mobile phone. Most of the policies covered Theft, Lost, Physical and Accidental damages under the MPI policy.

92.3% of the MPI policy buyers were satisfied with the MPI policies purchased by them, whereas 7.7% of them were not satisfied with the policies because of many formalities required during the entire process.

83.3% of the buyers contacted the customer care for Repair, damages problems followed by Assistance and the Theft or loss issues. Most of these customers contacted the customer care through Phone calls and then followed by emails. 90% of these customers found the service of the customer care executive between Good and Excellent and only 10% of them were not satisfied with the service provided by the executive.

63.6% of the found the customer care executive completely helpful and 60% of the customers found their problems were completely resolved by the customer care whereas, 30% of them found felt that their problems were satisfactorily resolved. 50% of the customers felt that their problems were solved between a quick and good speed of time, whereas 30% of them felt that their problems were resolved at an average speed.

A majority of 63.6 % of the customers was satisfied with the service and the solution provided by the insurance company, whereas 27.3% were extremely satisfied, but only 9.1% of the policy holders were not satisfied with the service and solution provided to them by the insurance companies. 81.8% of the policy holders would recommend the Mobile Phone Insurance Policies to other Mobile users.

Conclusion

Companies offering Mobile Phone Insurance Policies should advertise these policies more among the mobile phone users as most of the smart phone users who spend huge amounts of

money in purchasing smart phones are unaware about MPI policies which could benefit them and should try to increase the awareness by promotional activities such as discounts if purchased along with mobile phones, free insurance policy with phone, or including price in purchase price etc.

The process for taking MPI should be simplified as lengthy process makes people reluctant in buying. They should also try to create trust among the customers as it is one of the reasons people do not buy insurance policies and should keep transparency as in not hide any charges, policies etc from the buyer.

Companies can also increase their sales by partnering with mobile shop owners/ keeping representatives in these shops and also by selling online.

Companies should mainly try to improve their after sales customer services by proper employee training and customer's complaint handling and should also speed up the services for solving the customers problems which will lead to a satisfied customers, after all customer is the King and Mouth to Mouth publicity is the best.

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