

Relationship between the Contributions of Insurance Companies

Mrs. Chhaya Rai

Shri G. P. M. Degree College, Vile Parle (E), Mumbai, Maharashtra, India

Abstract: *The purpose of this study was to establish the relationship between the contributions of insurance companies and the growth of SMEs in NICON basing on the following objectives; to examine major factors that affects the growth of SMEs; to assess the contribution of insurance companies to the growth of SMEs; to investigate the factors inhibiting the purchase of insurance cover by SME operators and to determine the strength of the relationship between insurance companies and growth of SMEs. The research was descriptive in nature involving quantitative methods which was administered through questionnaires. The total sample comprised of 65 respondents of all the managers and employees of National Insurance Corporation. Simple random sampling was used whereby the researcher went to NICON and administered questionnaire to the sampled or selected employees. Primary data was obtained from the library materials, textbooks, NICON brochures, internet and journals. Data analysis was carried out using SPSS and frequency distribution tables. Findings revealed that innovation is a strong empirical evidence for fast growing SMEs, competition has a great effect on SMEs industry and credit remains a great challenge to the growth of SMEs. Besides that insurance companies mitigate risks and enhance loan acceptability by SMEs sector with banks. However low income earned by SMEs, high premium cost and paperwork and experience and beliefs inhibit the purchase of insurance cover by SMEs. Nevertheless, there is a strong positive relationship between insurance companies and the growth of SMEs at Spearman Correlation Coefficient. It was concluded that improvement in business skills increases the performance of SMEs. However insurance companies do not lowers insurance rates and offer protection to SMEs income statements. In addition SMEs being small in size and their inability to fully understand the document limits them to get insurance cover. It was recommended that management of NICON need to build a great relationship with SMEs as their customers in orders to develop and grow them in trust and also lower the premium rates to SMEs in order to improve on their performance. Also NICON need to have a fresh look at the scope and spectrum of services provided to SMEs and has a better understanding on the scale of enterprise sector*

Keywords: insurance companies