
INSURANCE SOLUTIONS FOR GARMENT EXPORTERS AT COIMBATORE AND TIRUPPUR, AN ANALYSIS OF POLICY TYPES AND RISK MITIGATION

^{*1}Dr. C. Magesh, ²Mr. Santhosh K. R.

¹Associate Professor, Department of International Business PSG College of Arts & Science,
Coimbatore - 641 014.

²II M. Com (IB) Student, Department of International Business PSG College of Arts &
Science, Coimbatore – 641014.

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*Corresponding Author: Dr. C. Magesh

Associate Professor, Department of International Business PSG College of Arts &
Science, Coimbatore - 641 014.

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ABSTRACT:

The garment export sector in Coimbatore and Tiruppur is an important contributor to India's economy, but exporters often face risks such as damage to goods, delayed or non-payment, and regulatory issues. This study explores the insurance solutions used by garment exporters, with a focus on the types of policies they prefer and how these help in managing risks. The research is based on primary data collected from 35 exporters through a structured Google Form questionnaire, and the data is analyzed using percentage analysis, ranking method, Chi-square test, and ANOVA. The results show that marine cargo insurance and export credit insurance are the most commonly chosen options, as they help reduce financial losses and improve confidence in export operations. The study concludes that while insurance plays a key role in risk management, there is still a need to improve awareness, simplify procedures, and design more suitable insurance products to meet the specific needs of garment exporters.

KEYWORDS: Garment Export Industry, Export Insurance Solutions, Marine Cargo Insurance, Export Credit Insurance, Risk Management in Exports.

INTRODUCTION:

The garment export industry in Tiruppur and Coimbatore plays a vital role in India's textile exports and overall economic growth. These regions are well known for their strong

manufacturing base and export networks, contributing significantly to foreign exchange earnings and strengthening India's presence in the global textile market. However, garment exporters often face multiple risks such as shipment damage, transportation losses, payment defaults, and market uncertainties, which can affect their business operations and profitability.

To manage these challenges, exporters rely on various insurance solutions that provide financial protection and stability in international trade. Policies such as marine insurance, cargo insurance, and export credit insurance are commonly used to reduce potential losses and improve confidence in export activities. This study focuses on understanding the different types of insurance policies available and evaluates how effectively they help garment exporters in mitigating risks, ensuring smoother and more secure export operations.

Objective of the Study:

- To measure the overall satisfaction level of garment exporters towards insurance solutions used in export operations.
- To assess the satisfaction level of garment exporters regarding insurance coverage adequacy and risk protection.
- To evaluate exporters' satisfaction with the claim settlement process, including speed, transparency, and fairness.
- To analyze the satisfaction level of garment exporters with respect to premium cost, service quality, and support provided by insurance companies.

Significance of the Study:

This study is important as it helps in understanding how insurance solutions support garment exporters in managing the risks involved in international trade. Exporters in Tiruppur and Coimbatore often face challenges such as damage to goods, shipment delays, payment defaults, and market uncertainties. Insurance policies play a key role in reducing these risks by providing financial protection and improving the stability of export operations.

The study also examines the different types of insurance policies used by exporters and evaluates how effective they are in handling risks. It looks into exporters' satisfaction with aspects like coverage, premium cost, and claim settlement. The findings can help exporters choose suitable policies, while also offering useful insights for insurance companies and policymakers to improve services and strengthen the overall garment export sector.

Statement of the Problem:

The garment export industry in Tiruppur and Coimbatore is a key contributor to India's textile exports. However, exporters in these regions deal with several challenges, including damage to goods during transit, delayed or failed payments from international buyers, and uncertainties in global trade. While a range of insurance policies is available to safeguard against these risks, exporters are not always fully satisfied with aspects such as coverage, premium costs, or the claim settlement process. Many also find it difficult to choose the most suitable policy for their specific export needs.

In this context, it is important to closely examine the different insurance options available and understand how effectively they support exporters in managing risks. This study aims to explore the role of insurance solutions and evaluate their effectiveness for garment exporters in Tiruppur and Coimbatore, with a focus on improving risk management and ensuring smoother export operations.

Review of Literature:

Arjun Kumar (2008) explored how export credit insurance supports international trade among manufacturing exporters. The study highlighted that insurance coverage helps businesses handle risks like non-payment from buyers and losses during shipment. It found that exporters who used credit insurance faced fewer financial setbacks and felt more confident while dealing in global markets. **Neeraj Sharma (2009)** examined the risk management practices followed by textile exporters in India. The research looked into common challenges such as transportation issues, buyer defaults, and market uncertainties. The study suggested that adopting suitable insurance policies along with better financial planning can help exporters reduce risks and improve the safety of their export operations. **Anil Joshi (2018)** focused on the role of cargo insurance in international export activities, explaining how it helps protect goods while they are in transit. The study showed that exporters who used cargo insurance were in a better position to handle losses caused by damage during shipment. **Nikhil Shah (2023)** explored how risk management practices influence export performance. The study looked at the ways exporters deal with both financial and operational risks and found that insurance policies play an important role in maintaining stability in export businesses. Similarly, **Pradeep Tiwari (2023)** examined the significance of insurance services in export operations, with a focus on exporters' opinions about insurance coverage. The findings revealed that most exporters consider insurance to be a key tool for safeguarding their finances and reducing uncertainties in trade.

METHODOLOGY:

The study is based on primary data collected directly from garment exporters in Coimbatore and Tiruppur. A structured questionnaire was prepared and shared through Google Forms to gather information about the types of insurance policies used, the risks faced by exporters, and how effective these insurance solutions are in managing those risks. A total of 35 responses were collected. The respondents were selected using a convenience sampling method, as the data was gathered from exporters who were easily accessible and willing to participate.

Once the data was collected, it was carefully organized and analyzed using suitable statistical techniques. Percentage analysis was used to understand the overall response pattern, while the ranking method helped identify the most preferred insurance policies and key risks. In addition, the Chi-square test was used to find relationships between variables, and ANOVA was applied to examine differences in opinions among different groups of respondents. These tools helped in interpreting the data clearly and arriving at meaningful conclusions for the study.

Analysis and Interpretation:

Percentage Analysis:

Table 1: Experience in Garment Industry.

S.No	Years	No. of respondents	% of respondents
1.	Less than 5 years	0	0%
2.	5 – 10 years	14	40%
3.	10 – 15 years	17	48.6%
4.	More than 15 years	4	11.4%
	Total	35	100%

Interpretation:

The data shows that most of the respondents have around 10–15 years of experience in the garment industry, which indicates that many participants have a solid understanding of the field. This is followed by those with 5–10 years of experience, representing a fairly large group of individuals who are actively involved in export activities and have gained good practical knowledge over time. A smaller number of respondents have more than 15 years of experience, reflecting the presence of highly experienced professionals with deep industry expertise.

Interestingly, there are no respondents with less than 5 years of experience, which suggests that the garment export sector is mainly handled by individuals with considerable experience.

Overall, this distribution shows that most respondents have strong industry exposure, which adds credibility to their responses and supports better insights into risk management and decision-making.

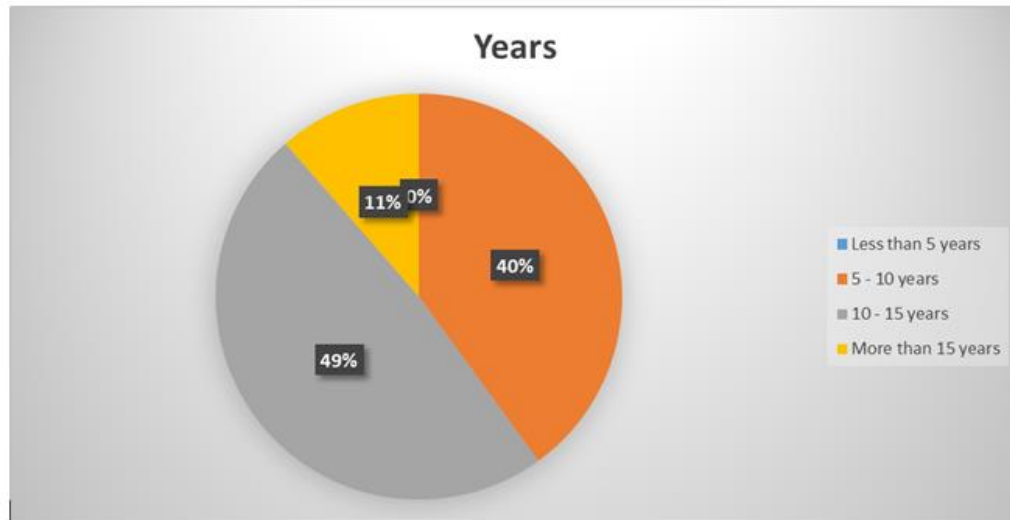


Chart 1

Ranking Analysis:

Table 2: Types of Insurance Policies mostly used.

Policy Type	1	2	3	4	Total	Weighted Average	Rank
Marine Cargo Insurance	15	-	-	-	60	60/35 = 1.71	I
Export Credit Insurance	10	-	-	-	40	40/35 = 1.14	II
Comprehensive Insurance	8	-	-	-	32	32/35 = 0.91	III
Multiple Policies	2	-	-	-	8	8/35 = 0.23	IV

Interpretation:

The table indicates that marine cargo insurance holds the highest weighted average and is ranked first, showing that it is the most preferred option among garment exporters. Export credit insurance comes next, followed by comprehensive insurance policies. The use of multiple policies is quite limited and ranks last among the options.

This pattern suggests that exporters mainly prioritize coverage related to the transportation of goods, as transit-related risks appear to be their primary concern.

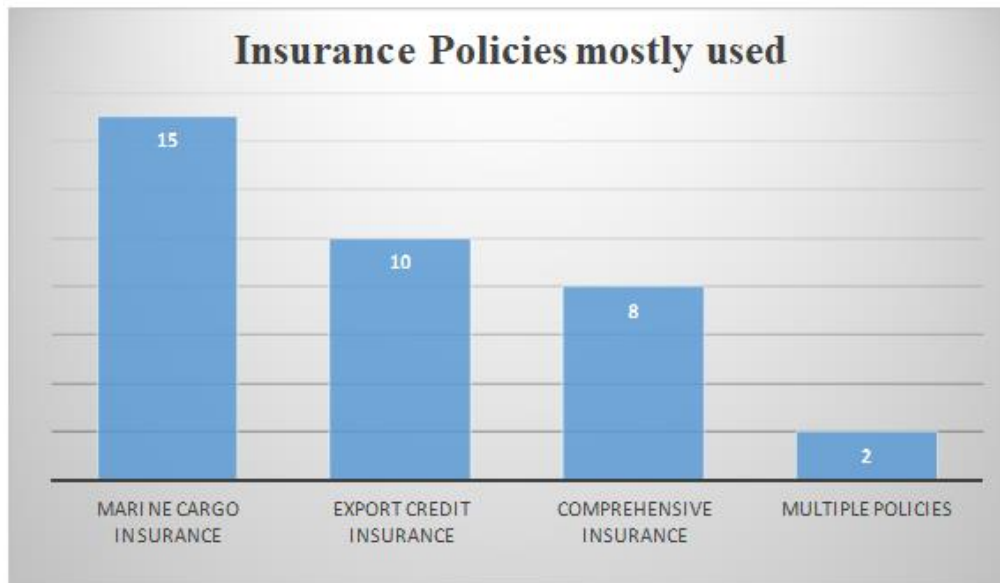


Chart 2

Chi Square Analysis:

Null Hypothesis:

There is no significant association between respondents and satisfaction with risk coverage.

Alternative Hypothesis:

There is a significant association between respondents and satisfaction with risk coverage.

Case Processing Summary

Cases						
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Respondents * Risk coverage satisfaction	35	100.0%	0	0.0%	35	100.0%

Respondents * Risk coverage satisfaction Crosstabulation

Count

	Risk coverage satisfaction					Total
	Transit damage/loss	Theft risk	Buyer default risk	Political risk	None	
Respondents	10	4	11	10	0	35
Total	10	4	11	10	0	35

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	13.143 ^a	4	.010
Likelihood Ratio	14.221	4	.007
Linear-by-Linear Association	.214	1	.644
N of Valid Cases	35		

1. 5 cells (100.0%) have expected count less than 5. The minimum expected count is 7.00.

Interpretation

The p-value (.010) is less than the significance level of 0.05. Hence, the null hypothesis is rejected. This indicates that satisfaction differs significantly across various risk coverage types.

ANOVA Analysis:

Null Hypothesis:

There is no significant difference in perception of challenges in the claim process.

Alternative Hypothesis:

There is a significant difference in perception of challenges in the claim process.

Descriptives

What is the most challenging part of the claim process?

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Documentation requirements	7	1.0000	.00000	.00000	1.0000	1.0000	1.00	1.00
Processing delay	3	2.0000	.00000	.00000	2.0000	2.0000	2.00	2.00
Communication issues	12	3.0000	.00000	.00000	3.0000	3.0000	3.00	3.00
Partial settlement	12	4.0000	.00000	.00000	4.0000	4.0000	4.00	4.00
No major challenges	1	5.0000	5.00	5.00
Total	35	3.0000	1.19523	.20200	2.5880	3.4120	1.00	5.00

ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	56.000	4	14.000	97.222	.000
Within Groups	4.000	30	.133		
Total	60.000	34			

Interpretation

The significance value (.000) is less than 0.05. Hence, the null hypothesis is rejected and the alternative hypothesis is accepted. This indicates that there is a significant difference in perception of challenges in the claim process.

FINDINGS:

First, most respondents have 10–15 years of experience, indicating a strong presence of well-experienced exporters. This is followed by those with 5–10 years, while only a few have more than 15 years of experience. There are no respondents with less than 5 years, showing that the industry is dominated by experienced professionals. Overall, the responses are reliable due to their strong industry exposure. Secondly, Marine cargo insurance is the most preferred policy among garment exporters, ranking first with the highest weighted average. Export credit insurance follows next, while comprehensive insurance comes third, and the use of multiple policies is very limited. This shows that exporters mainly focus on protecting goods during transportation, as transit risks are their top concern. Thirdly, the results show that the p-value (0.010) is lower than the 0.05 level, so the null hypothesis is rejected. This means there is a meaningful relationship between the respondents and their satisfaction with different types of risk coverage. In simple terms, exporters do not feel the same level of satisfaction for all types of coverage—some risks, like transit damage or buyer default, are handled better than others. Lastly, the ANOVA result shows a significance value of 0.000, which is below the 0.05 level, so the null hypothesis is rejected. This means that exporters have varied views on the challenges involved in the claim process. In simple terms, not all respondents face the same difficulties—some find communication issues or partial settlements more challenging, while others may struggle with documentation or delays.

SUGGESTIONS:

Based on the findings, insurance companies should try to offer better and more balanced coverage, not just for transit risks but also for issues like buyer default and other uncertainties. The claim process also needs to be made simpler, especially when it comes to

documentation, communication, and settlement, as many exporters face difficulties in these areas. Creating more awareness and guidance can help exporters choose the right policies instead of depending mainly on marine cargo insurance. In addition, introducing more flexible and customized insurance options for garment exporters can improve their overall satisfaction.

CONCLUSION:

The study shows that most garment exporters in Tiruppur and Coimbatore are experienced and understand the importance of insurance in managing risks. Marine cargo insurance is the most commonly used policy, as exporters mainly focus on protecting goods during transportation. However, satisfaction levels differ depending on the type of risk covered, and exporters face various challenges during the claim process. Overall, while insurance is essential for export operations, there is a need to improve coverage, simplify procedures, and provide better support to exporters for smoother and more effective risk management.

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