

**Tapping the Unexplored Market of Life Insurance Products for Private Life insurance
Companies – An empirical study.**

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Abstract

With an annual population growth nearing 2.5%, it becomes difficult for the government to provide satisfactory life insurance services to the entire population. So this study is focusing on awareness levels of the private life insurance companies and their opinion on the same. The sample size is taken as 100 and the study was conducted in Pune city. The Binary Logistic Regression was conducted between Socio-Economic and Demographic variables with the respondents who have purchased a life insurance policy from a private life insurance company. It was found that the married persons are more interested to take policy than singles. Similarly there is no relationship between the education and income variable

Keywords: consumer awareness, married, education, income, market potential.

Introduction

The United Nations Population fund has calculated the future population of world countries. In that India will be No.1 position by 2030. With an annual population growth nearing 2.5%, it becomes difficult for the government to provide satisfactory life insurance services to the entire population. Good Life Insurance Services is wealth of all other wealth. Even though there are more than 20 private life insurance companies, this sector is a fastest emerging mechanism to manage the risk of unpredictability and the needs of the people. The function of Life Insurance

Services insurance is to cover the risk associated with Life Insurance and its challenges, problems etc. Although the government's Life Insurance Scheme has started with colors, there is still unawareness of the schemes by the poor. With a reach of just about 2% of the country's 1.2 billion population, India offers a huge potential in Life Insurance Services insurance market. There are over 30 Life Insurance Services insurance products in the category offered by both life and non-life insurers. Still the coverage is very less due to lack of awareness of an citizen of India.

Review of Literature

The review of literature of this study selected recent studies relating to awareness and determinants of Life Insurance Services insurance India. B. Reshmi et al. (2007), they found that the awareness of Life Insurance Services insurance was found to be 64.0 per cent. Around 45.0 per cent of the respondents came to know about Life Insurance Services insurance from the media which played an important role in the dissemination of information. The middle and low socio-economic groups favored government Life Insurance Services insurance compared to private Life Insurance Services insurance. They suggested that government should come out with a policy, where the public can be made to contribute to a Life Insurance Services insurance scheme to ensure unnecessary out-of-pocket expenditures and also better utilization of Life Insurance Services care facilities. Ahuja (2004) the study explained that Life Insurance Services insurance was emerging as an important financing tool in meeting the Life Insurance Services care needs of the poor. Mudgal (2005) examined that whether consumption expenditure of households in rural India was insured against medical ailments. This study found that the villagers were not able to perfectly share the risk of all shocks. Indirani Gupta (2002) the study found a wide disparity across selections on willingness to participate. The challenges for the new

system would be to pool individuals across risk and economic status categories, setup a multi-tier system to meet objectives of equity and efficiency in Life Insurance Services care delivery and for planners and regulators, to keep Life Insurance Services insurance separate from other non-Life Insurance Services insurance. Gumber and kulkarani (2000), they found that there was strongly expressed need for Life Insurance Services insurance among low income households in both rural and urban areas. This need has arisen primarily because of heavy burden of out-of-pocket expenditure on them while seeking Life Insurance Services. The need for education for rural and urban populations alike on the concept of insurance and information on Life Insurance Services is a crucial aspect in extending Life Insurance coverage on large scale.

Research Methodology:

(i) Research Design

Research design provides a blue print of the research project together. It is used to provide configuration to the research, to show how all of the major portions of the research project -- the samples or groups, measures, methodology to work together to address the research questions and objectives. Empirical Research was found to be the most appropriate for this study.

(ii) Primary Data Sources

The source of primary data that has been used in this study is individual respondents of the age above 18 years, who may be either consumers or non consumers of Life Insurance Services insurance in Pune city..

(iii) Sampling Design

This study uses Convenience Sampling method and sample size of 100 was taken for the study. The questionnaires were delivered in person to the respondents to ensure better response rate and completed questionnaires were collected, providing opportunity for the respondents to

clarify any point. The sample size is 92 because of the incomplete answers given by the respondents.

(iv) Tools for Data Collection

A Structured Questionnaire has been given to the respondents.

(v) Objectives of the Research

- To study the awareness levels of the consumers towards life insurance services.
- To know the satisfaction level of the consumers who have purchased the life insurance policy.
- To understand the factors for purchasing the Life Insurance Services .
- To find out the relationship between the demographic patterns and socio-economic characteristics and the customers who have purchased the life Insurance policy.

IV. Result Analysis and Interpretation

The following shows the Frequency Table for Demographic/ Socio-Economic Variables

Table 1

Demographic/Socio-Economic Variables(N=92)	
Gender Male =53 Female = 39	Income <100000 = 1 100000-200000 = 51 200000-300000 = 19 300000-400000 =18 400000-500000 = 2 >500000 =1
Marital Status Married = 62 Single = 30	Employment Salaried =54 Self employed =38
Education Illiterate = 10 Up to secondary level = 22	Age 18-30 years = 9 31-40 years = 47

Undergraduate= 35	41-50 years = 26
Post graduate= 7	50 years and above =10
Professional = 18	

Source: Primary data

The Baseline Characteristics of the respondents were as follows:

- Majority of the respondents are married (67%).
- About 38% of the respondents are completed their Under Graduation.
- Half of the respondents are in the age between 31-40 years (51%).
- About 55% of the respondents are having a yearly income of Rs.1, 00,000 - 2, 00,000.
- 41% respondents are Self-Employed.

- **Binary Logistic Equation:**

The Binary Logistics Regression method was performed to ascertain the effects of Gender, Age, Income, Marital Status, Employment, Education on the likelihood that respondents have Life Insurance policies.

- **Block 1: Method = Enter**

Table 2

Omnibus Tests of Model Coefficients				
		Chi-square	df	Sig.
Step 1	Step	75.652	8	.000
	Block	75.652	8	.000
	Model	75.652	8	.000

Source: Primary data

- **Interpretation**

The model was statistically significant because the $\chi^2 = 75.652$ $p < 0.0005$

Table 3

Model Summary			
Step	-2Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	15.302 ^a	.561	.893
a. Estimation terminated at iteration number 20 because maximum iterations has been reached. Final solution cannot be found.			

Source: Primary data

- **Interpretation**

The Nagelkerke R Square explained that 89.3% of the variance who had Life Insurance Services insurance and correctly classified 89.3% of cases.

Table 4

Classification Table^a					
	Observed		Predicted		
			Ownpolicy		Percentage
			yes	no	
Step 1	Ownpolicy	Yes	16	2	88.9
		No	1	73	98.6
		Overall Percentage			96.7
a. The cut value is .500					

Source: Primary data

Table 5

Variables in the Equation							
		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1 ^a	gender	0.177	5.449	.000	1	.997	4.954
	Maritalstatus	0.13	5.283	.000	1	1.000	3.686
	employment(1)	0.193	6.673	.000	1	.998	2.449
	education	-0.15.2	2.814	.000	1	.996	.000
	age			.000	3	1.000	
	age(1)	0.194	1.588	.000	1	.999	2.892
	age(2)	0.303	1.630	.000	1	.999	1.526
	age(3)	-0.451	1.222	.000	1	.997	.000
	income	-0.95	2.446	.000	1	.997	.000
	Constant	0.734	1.933	.000	1	.997	7.715

Source: Primary data

- **Interpretation**

From the above table 5 the following inferences can be drawn:

- Male were 4.95 times more likely to take Life Insurance Services insurance policies than women. This can be explained in Exp (B) column.
- The married persons were more likely to take Life Insurance Services insurance than singles.
- The employment category shows that the odds of taking Life Insurance Services insurance are 2.44 times higher than self employed.
- The education and income variable showed that there is no significant relationship on the Life Insurance Services insurance policy taken by the respondents.

- The age value shows that only ages between 20-40 years have interested to take Life Insurance Services insurance.
- There is no significant relationship between the policy holders and the age factor of above 40 years. This can be found in age(3) variable and also Exp (B) value.

The following table shows the frequencies of the sources of information about Life Insurance Services insurance those who aware of it.

Table 6

Awareness					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	65	70.7	70.7	70.7
	no	27	29.3	29.3	100.0
	Total	92	100.0	100.0	

Source: Primary data

Table 7

Sources of Information					
		Frequency	Percent	Valid Percent	Cumulative Percent
Insurance agent		9	9.8	9.8	39.1
Friends/relatives		30	32.6	32.6	71.7
Doctor		6	6.5	6.5	78.3
TV/radio		20	21.7	21.7	100.0
Total		92	100.0	100.0	

Source: Primary data

- **Interpretation**

From the table 6 and table 7, 71% of the respondents were aware of the Life Insurance Services&insurance products and about 47% of the respondents heard about the insurance policies by friends/relatives followed by 30% of the respondents have known through TV/Radio The frequency table 8 shows the number of people who are not having Life Insurance Services insurance and various reasons for not having insurance

Table 8

	Frequency	Percent	Valid Percent	Cumulative Percent
Employer does not pay for life insurance	7	7.6	7.6	27.2
Cannot afford life insurance	18	19.6	19.6	46.7
Charges not explained by the life insurance company.	48	52.2	52.2	98.9
Limited range of products	1	1.1	1.1	100.0
Total	74	100.0	100.0	

Source: Primary data

- **Interpretation**

Half of the respondents told the reason “lifeInsurance isan expensive affair with private life insurance players followed by 20% of them was not able to afford insurance.

This table 9 shows the no. of policy holders who have recently purchased their policies, with their experience with their products to understand.

Table 9

Experience with their life insurance products to understand.					
Difficulty level		Frequency	Percent	Valid Percent	Cumulative Percent
Easy to understand		14	77.8	77.8	77.8
Moderate to understand		2	11.1	11.1	88.9
Hard to understand		2	11.1	11.1	100.0
Total		18	100.0	100.0	
Ownpolicy=1 (FILTER)					
		Frequency	Percent	Valid Percent	Cumulative Percent
From the can be	Valid Selected	18	100.0	100.0	100.0

Source:
Primary data
above, it
conclude

that 78% of the respondents find it easy while understanding their life insurance policy.

(V)Recommendations:

This study is done to study the awareness of the Life Insurance Services & policies, the no. of people who have purchased the life insurance policies, experience with their products to understand the policies for Life Insurance Services. The following recommendations can be given for the Insurance Companies to expand their market in Life Insurance Services products.

- From the above values many of the respondents were aware of Life Insurance Services insurance policies; however they were confused with the approach to buy life insurance.

- More inclusive life insurance policies need to be incorporated so that it can be made as part of the Financial Inclusion plan.
- Healthier competition followed with innovative methods of distribution can be adopted by the life insurance companies.

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