

A Study on Investor Awareness Regarding Life Insurance Product & Services in Rural Area

Akshar Patel¹ and Dr. Manisha Surti²

¹Student, B.V Patel Institute of Management, Uka Tarsadia University, Bardoli

²Teaching Assistant, B.V Patel Institute of Management

Abstract: *The purpose of the study is to work on Awareness Regarding insurance Product & Services in countryside. The primary objective of the research is to identify the factor affecting investment decision regarding contract. For the study data are collected from the whole 150 respondents through questionnaire survey. The descriptive research design has been employed within the study. Data are analysed through the frequencies and Chi Square Test (with as age, educational background and members of family). The research concluded that individual don't know the important meaning of wealth management as they interpret it as financial planning. Out of 150 respondents. The results of the study discovered that among all contract majority of the survey respondents opt for Whole insurance subsequently savings policy then comes a reimbursement policy and at the tiniest amount favorable is retirement savings plan policy return with increasing adoption among investors.*

Keywords: Life Insurance, Investment, Premium, Investment avenues.

INTRODUCTION

In today's era, having a life insurance policy could also be a requirement for every individual because it's one in every of the foremost effective ways to secure one's future along with their loved ones. There are many alternative forms of life insurance policies available within the market.

Insurance also provides opportunity for investment as insurance policies provides maximum advantage of protection and investment because the event insured against is guaranteed to happen, thus insurance investment offers attractive returns. Insurance sector is playing crucial role in tackling the matter of unemployment within the country by offering employment opportunities to many rural educated people.

Moreover there are large numbers of rural people who are working as insurance agents. Some rural insurance schemes offering attractive returns on the savings, which helps in increasing regular savings of people, it also provides funds for meeting various needs like children's education, marriage, and so on. During a dynamic world like today, economies are changing at a awfully fast rate; future is extremely uncertain, unpredictable and immeasurable. Obviously there are risks for farmers additionally as other rural communities.

Insurance is that the foremost vital method of handling various kinds of risks and it's universally accepted. Rural insurance provides protection against occurrence of uncertain events like loss due to rain, floods, drought, failure etc. Rural insurance might be a tool for eliminating risks and sharing the losses. The possibility may or may not happen but policy holders pay the premium regularly and share the burden of the loss. Thus, the loss suffered by a private is canopy the total insured community. It cannot prevent occurrence of risks, but surely minimize the impact of the loss by spreading it over the massive number of policyholders.

LITERATURE REVIEW

Pradeep Kumar Gupta & Bhama Venkataramani (2015) has done research on Challenges of effective implementation of micro-insurance in india: a case study of bhartiya agro industries foundation (baif). The challenges faced by micro- insurance schemes is additionally the training lesson for the generations to return. development, regulatory modification, financial literacy drive, distribution optimization for insurance products are some steps to create sure better and deeper microinsurance penetration in rural areas for people living below income.

Nagaraja Rao, Satyapriya Periyasamy (2009) has done research on life insurance penetration in rural areas-Indian perspective. To explore the reasons for low penetration of non-public players within the agricultural market. The penetration level of the prevailing insurance players within the agricultural market isn't commendable. The reasons as analysed from primary and secondary data for low penetration in rural areas are listed below. So on boost volume of business, the insurance companies are resorting to big ticket policies. Sale of low ticket policies in rural areas isn't given importance. Except LIC of India, no other company has exclusive rural centric products.

B. Reshmi, N. Sreekumaran Nair (2007) has done research on awareness of insurance in an exceedingly south Indian population. To look out the eye of insurance in an urban population in South India. The insurance companies should start off with clear cut policy

details, as many of the respondents had vague ideas about the numerous benefits and risks involved in a very very policy. the middle and low socio-economic groups are a possible market to be tapped as they're able to spend a reasonable amount as premium payable per annum rather than huge medical expenses just in case of any adversities. If the private insurance players want to venture within the market, they need to try to imbibe trust within the people as most of the respondents preferred government insurance schemes, the reason being guarantee for his or her capital.

Altaf Ahmad Da & Shabir A Bhat (2012) has done research on exploration of awareness of life insurance:- a study rural areas of Kashmir valley. To understand and determine the eye of people under study on insurance. The study reveals that the notice about insurance is low. Insurance companies should reach resolute those who are uneducated and thus the lower age group people, by awareness campaigns like radio (jingles) and television advertisements. The insurance companies should concentrate more on improving their services.

Shoaib Alam Siddiqui & Stephen Das(2017) has done research on insurance, challenges and opportunities in rural India. Insurance, challenges and opportunities in rural India. Life insurers in rural market haven't done well and much more efforts are required to tap the untapped rural market. Indian rural market has tremendous potential. It's evident that the state insurer insurance Corporation of India has better hold of the Indian rural market and private insurers must do lots to earn trust of rural people. During last few years, Private insurance Companies like Reliance, Bajaj et al have closed their branches especially from the agricultural areas which has gone against private insurers and hence it's advisable that they must open their branches in rural market only after doing a good research.

Shivany M Vinoth & Nichol a Johnson (2018) has done research on awareness, challenges and opportunities of insurance in India. To figure out the opportunities insurance sector would have within the near future. Insurance should be made mandatory everywhere India. There should be a basic policy mandatory for the population. Aside from the poor those who fall below the personal income (BPL), they must be insured through any of the NHIS schemes as they supply very minimal premium. And thus the govt employees must encourage the citizens by speeding up the strategy to urge insurance policies so as that it doesn't become the reason for them not obtaining one.

STATEMENT OF THE MATTER

Life Insurance is intangible in its nature hence majority of the Indian population cannot understand its meaning. After history of quite 200 years of life insurance sector in India it's still under penetrated with 27 percent. most the insurers knows that it isn't bought and it's to be sold, even still there are lot of misconceptions within the minds of Indians towards the concept of insurance hence it caused complications in marketing its products. Marketing activities of life insurance companies is all near inform, bringing awareness, develop belief, to form positive attitude, to bolster trust etc. within the minds of the consumers by using tools like advertising, PR, displays, word of mouth, commercial, personal selling etc. Insurers may form positive attitude or may cause negative attitude so knowing the emotions of respondents found essential. Today customers are more informed with number of options; even still majority of the population in India remains uninsured. Hence we discover a desire to understand the customer's attitude towards the insurance products and their level of investments.

OBJECTIVES OF THE STUDY

- To study Investor Awareness regarding insurance Product & Services.
- To discover factor affecting investment decision regarding contract.
- To determine reasons behind for not opting an insurance.

RESEARCH HYPOTHESIS: -

- 1) Hypothesis one
H0:- there's no significant association between Age and reasons for choosing life insurance.
H1:- there's significant association between Age and reasons for choosing life insurance.
- 2) Hypothesis two
H0:- there isn't any significant association between number of members in family and reasons for not taking insurance.
H1:- there's significant association between number of members in family and reasons for not taking life insurance.

RESEARCH METHODOLOGY

The primary data are collected for the survey through questionnaire. Total 150 sample size is chosen for the study purpose. The research design used is descriptive design. For the analysis purpose frequencies of the data and Chi Square test is performed for to realize at the results of the chosen research objectives.

DATA ANALYSIS

Demographic Results of Respondents: -

From 150 respondent's majority i.e. 134 survey respondents opt for insurance policy. Among all life insurance policy majority of the survey respondents opt for Whole life insurance policy (65.3%) afterward savings policy (47.3) then comes a refund policy (30.7%) and at the tiniest amount programme policy (23.3%). Respondents mainly prefer insurance from private company. 41.7% of respondents like better to have average insurance policy of 10 years, and 31.1% prefer upto 20 years and for above 20 years only 12.6% of population. Majority 51.7% of survey respondents value more highly to pay their premiums yearly basis.

ANALYSIS OF RESEARCH**Table 1 DO YOU HAVE LIFE INSURANCE POLICY?**

	Frequency	Percentage
Yes	134	88.7
No	17	11.3
Total	151	100.0

From the above chart and table it has been interpreted that majority of the survey respondents have insurance policy i.e. 88.7% out of 100.

Table 2 Association between Age and reasons for choosing Life Insurance.

AGE	What are the reasons to opt for Life Insurance?					Chi – Square		
	Strongly Agree	Agree	Neutral	Disagreed	Strongly Disagree	χ^2	Df	P- Value
Family Protection								
Below 21	9	11	0	0	0	6.503	6	.369
21- 40 years	58	24	1	0	0			
41-60 years	28	13	0	0	0			
Above 61 years	5	1	0	0	0			
Retirement Planning								
Below 21	9	11	0	0	0	3.004	6	.808
21- 40 years	46	34	3	0	0			
41-60 years	24	15	0	0	0			
Above 61 years	4	2	0	0	0			
Child Education								

Below 21	8	12	0	0	0	6.390	6	.381
21- 40 years	43	38	2	0	0			
41-60 years	20	20	1	0	0			
Above 61 years	3	2	1	0	0			
Medical Emergencies								
Below 21	10	9	1	0	0	3.913	6	.688
21- 40 years	43	37	1	0	0			
41-60 years	26	15	0	0	0			
Above 61 years	3	3	0	0	0			
Travelling/ Marriage								
Below 21	4	12	4	0	0	26.126	9	.002
21- 40 years	33	38	9	0	3			
41-60 years	6	17	17	0	1			
Above 61 years	0	3	2	0	1			
Tax Benefits								
Below 21	6	10	4	0	0	33.178	9	.000
21- 40 years	31	34	14	0	3			
41-60 years	5	10	19	0	7			
Above 61 years	1	0	4	0	1			
Unforeseen Costs								
Below 21	8	4	7	0	1	29.340	12	.004
21- 40 years	24	32	19	0	8			
41-60 years	2	9	21	1	8			
Above 61 years	1	0	4	0	1			

Others								
Below 21	2	5	9	3	1	20.019	12	.067
21- 40 years	14	31	23	3	12			
41-60 years	2	10	15	1	13			
Above 61 years	1	1	2	0	2			

From the above table it's found that the P-value of family protection, Retirement planning, Child education, Medical emergencies et al is bigger than 0.05 thus, the null hypothesis is accepted. So there's no significant association between age and reasons for selecting life assurance.

Similarly, P-value of Travelling/Marriage and Ta benefits is a smaller amount than 0.05. So, here H0 is rejected. So, it may be said that there's significant association between age and reasons for selecting insurance.

Table 3 Association between number of members in family and reasons for not taking life insurance.

	According to you why people don't take life Insurance?				Chi - Square		
	1	2	3	4	χ^2	Df	P- Value
HOW MANY MEMBERS IN YOUR FAMILY?							
2	3	3	3	1	5.938	9	.747
3	7	10	7	4			
4	11	25	23	11			
More than 4	14	14	12	3			

From the above table it is been interpreted that thus, the P value is greater than 0.05 which means that null hypothesis accepted. So, there is no significant association between members in family and reasons why people don't take Life Insurance policy.

FINDINGS

- From 150 respondent's majority i.e. 134 survey respondents go for life assurance policy.
- Among all insurance policy majority of the survey respondents choose Whole insurance policy (65.3%) at the moment savings policy (47.3) then comes a reimbursement policy (30.7%) and at the smallest amount retirement program policy (23.3%).
- Respondents mainly prefer life assurance from private company.
- 41.7% of respondents value more highly to have average term insurance policy of 10 years, and 31.1% prefer upto 20 years and for above 20 years only 12.6% of population.
- Majority 51.7% of survey respondents opt to pay their premiums yearly basis.
- Among all respondents majority of the respondents consider life assurance policy includes a good approach towards customers.

CONCLUSION

Even after quite one and half decade of opening of life assurance sector for personal and foreign players, still LIC has majority of the market share i.e. over 73% with highest preference among the retail investors. Other companies like, ICICI Prudential, HDFC, Max big apple, Bajaj Allianz etc. could penetrate in insurance market but still couldn't capture significant market share. LIC is that

the market leader not only terms of awareness and preferences but also in terms of performance parameters like number claim settlement ratio, new offices opening, total premium collection, new policies issuance and then on.

From the study we are able to suggest that to extend the market share and for growth of the industry all the life insurers are required to get and/or to reinforce the attention about concept of life assurance still about various insurance companies among the investors. From the study of few of the important aspect in paper we are able to also suggest that life insurers are required to relinquish due weightage to special to numerous aspects like timely payment of maturity likewise as claim amount, confirm maximum convenience of investor during the settlement, have transparency involved and maintain good financial position to drag off the investors' attention.

REFERENCES

- Pradeep Kumar Gupta & Bhama Venkataramani, 2015. "Evaluation of movie piracy using an integrated approach of interpretive structural modelling and MICMAC analysis.
- Bhat, Ramesh. "Insurance Industry in India: Structure, Performance, and Future Challenges." VIKALP Volume 30, no. Number 3 (July-September 2005): 93-119.
- Das, Bhagaban, Sangeeta Mohanty, and Nikhil Chandra Shil. "Mutual Fund vs. Life Insurance: Behavioral Analysis of Retail Investors." International Journal of Business and Management (CCSE) 3, no. 10 (October 2008): 89-103.
- Das, Mihir, Lalremtluangi C, Snimer Atwal, and Supriya Thapar. "A Study on Risk-return Characteristics of life assurance Policies." In Emerging Financial Markets, by R Nandagopal and V Srividya, 61-84. New Delhi: Excel Books, 2007.
- Hindustan Times. "Insurers functioning on new ULIPs." April 18, 2010.
- IMS Proschool. Risk Management and Insurance Planning. New Delhi: Tata McGraw Hill Education Private Limited, 2012.
- IRDA. Annual Report 2013-14. Delhi: Insurance Regulatory and Development Authority, India, 202.
- IRDA. Annual Report 2014-15. Hyderabad: Insurance Regulatory and Development Authority of India, 176.
- J. Hari Narayan, IRDA Chairman. Annual Report 2010-11. Annual, Hyderabad: Insurance Regulatory and Development Authority India, 2010-11, 225.
- J. Hari Narayan, IRDA Chairman. Hand Book on Indian Insurance Statistics 2010-11. Hand Book, Hyderabad: Insurance Regulatory and Development Authority India, 2010-11, 298.
- Joshi, Mrunal C., and Tejal M. Takodia. "The Study of Trends in life assurance Sector and Growth of ULIPs in India." National Conference on Emerging Trends in Insurance Sector - an occurrence Industry. Indore: Medi-Caps Institute of Technology and Management, April 22-23, 2010. 39-43.
- Karuna, K. "Relevance of ULIPs as a decent Investment Tool." Insurance, Chronicle (The ICFAI University Press), May 2009: 43-46.
- Keerthi, Pa., and R. Vijayalashmi. "A Comparative Study on the Perception Level of the Services Offered By LIC and ICICI Prudential." Indian Journal of promoting, August 2009: 40-54