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# A STUDY ON INSURANCE PENETRATION, PERCEPTION OF INSURED ON DEMOGRAPHIC BASIS IN RAJASTHAN

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## **Abstract**

*This paper is discussed and finding about affirm of life insurance in Rajasthan on demographic basis of insured. Firstly it measures the penetration of insurance in educated people of Rajasthan, secondly examines the perception of people about the life insurance, finally identify relationship between marital status, family type and insurance on demographic base. The study was conducted in Rajasthan, India and 100 convenient respondents were chosen for study and been carried out in April to June 2014. From the analysis, educated people insurance awareness is higher than 50%. Most of educated people have taken insurance policy for safety, security and tax saving purpose and they are having lower pressure of agent to buy insurance. The study, results shows the relations of insured with their demographic status viz. marital status, gender and family type. The connection between insurance and demographic status of insured in Rajasthan also analyzed.*

**Key words: Life Insurance, Purpose of Insurance, Perception, Demographic basis of insurance**

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## **1. Introduction**

Life is full of possibilities; human-being life is uncertain, risky and unsafe. Uncertainty of life becomes the grounds of insurance policy marketing and it makes the life of human beings as a subject of insurance. Insurance is a superior apparatus for a person in present scenario of risky and hazardous life; it helps him to minimize his medical expenses in physical injury. Insurance becomes need of common person to meet with uncertainty of life. Economy of Rajasthan is depends at agriculture mostly, people of Rajasthan directly and indirectly associated with agriculture as their livelihood. Educated people of Rajasthan have turn away towards service and industrial sector to earn their livelihood in population explosion time to meet with their daily needs. It pays them on monthly basis a fix amount as their salary or wage. This income is too less to meet with uncertainties and accidents of industrial life. Industrial accidental injury pushes them towards jobless and no income time, it affects him and his dependants, faces challenges to get bread for his family in single earners families. In joint family income of family members, somewhere reduces these types of tragedies. But, on other hand higher funding of family require investment options, which is secure and pays in time with lower risk.

In present era, insurance becomes the need of common person to meet with the uncertainty of life and some

certain event like marriage etc. Insurance has its own importance to meet with these uncertainties and it assure person to pay them in case of certain events with help of endowment policies. These types of insurance policies open new horizon for insurance industry as an investment options to his patron. It has advantage over other investment option as security of payments and returns in every circumstance. People of Rajasthan also attracted towards the insurance, they are investing in it. There is a need of study of Rajasthan educated people how they perceive insurance and whether they are willing to buy it. The present study examine the insured perception, it also measure the insurance level in married people, gender base and family types. Finally identify the insurance penetration in demographic standing of insured.

## **2. REVIEW OF EXISTING LITERATURE**

Insurance is a contract between two parties viz. insured and insurer. It depends on the principles of co-operation, which collect funds from many and pay to them, who are really suffering the losses in insurable subject.

Life is a precious gift of nature, everyone would like to alive with healthy physical and financial flipside. They seek about his safety and need the security of his dependants in risky environment of uncertainty, we have no control over the natural perils but we can

minimize our physical and financial risk. Life insurance is a best mechanism to reduce risk of uncertainty and losses of funds. An individual can minimize his risk by help of insurance policy cover. Life insurance is not only assuring about the cover of monetary losses of insured but also provide a new avenue for investment with certainty or returns. Insurance has become need of today technology era, which exposes new hazards to individual life and corporate responsibilities. To minimize his risk and to meet with the corporate social responsibility many organizations in developing countries offering insurance to his employees in service contract (Prakash, 2013). Life insurance is become a required auxiliary to many people to minimize his monetary losses in competitive life of individual to meet with the physical hazards of body. Demand of insurance has increases at a higher rate in India from the last decade. Taneja, (2014) Find in his study that market of insurance is growing at higher rate and its penetration in India have become double in year 2012 over year 2002. Govt. of India has taken many initiatives to construct a fair and competitive background in time of globalization; IRDA as an agency is an evidence for transparency in insurance industry of India. For making, it common to Indian intentions of govt. has realized through Subsidies in insurance to offer at lower cost than its popular rates.

Second largest population, Indian market of insurance, has become the priority for all insurer of world. After liberalization, entry of many domestic and foreign insurers has short of it in competitive form of market. Huge population of India is a boon for the insurance companies. Increasing education level in them is leads towards the awareness and needs of insurance. Deliya, (2012) reveals that many people of India live in rural areas and their needs are differ from the other urban people due to lower literacy and income. Insurance becomes the customer-centric rather than insurer-centric to serve better Indian rural people. Insurance companies opted many revolutionize to pace with the requirements and desires of Indian customers. In present, Indian insurance industry is having varied range of products to meet with needs of each section of Indian society. It is addressing needs of each segments viz. woman, children and farmers (Gadhavi, 2012). Pricing of insurance policy is connected with availability of risk volume in insurable subject. Gender-

wise insurance risk volume is be different in many parameters. In Haryana the patients of hearts are having major variation, females are less suffers with it than males with ratio of 17.3 : 22.8 per 1000 person (Tamilenth, 2011).

India is nation of many customs and traditions, people of India having many beliefs and assumptions to spread business. It has diversity in each facet of measurement of demographic basis of people. People of India have diverse religion, perception, attitude and spirits. These values of people have its effects on insurance industry of India as life is present of God and we cannot challenge his desires. However, many link it with endeavor of insurance agents and insurer to earn livelihood. For insurance as industry, many studies shown that insurance is a game of agent; its performance depends at performance of agents. Bhattacharya, (2014) find in his study that sincere efforts of insurance agent are helpful for insurance companies to put up for sale insurance policies. All people of India think in their own way on basis of their value systems and they have its effects in purchasing decisions. Yadav, (2012) found in his study demographic differences plays roles in insurance marketing and also suggest the insurance sector to frame the policies according to the demographic desires of society. Unique family system, joint family, of India has its possessions in insurance. Joint family system leads towards a common business of all members of family. Lager income of joint family leads towards invests in the insurance (Purusothaman, 2013). Housewives and dependants depends at income of earning member. In nuclear families only bread-winner is be anxious about his family and health. Further, indian marriage systme make person more responsible to his family, to meet these he takes help of insurance.

Life insurance is a part of service industry, which have ascendancy of publicity. In India buying behaviour of customer is sloping and affected with friends and family members choises, it affected with admires of their knowns and relatives and friend circles (Shukla T. & Chatterjee, 2000). Customs of india leads towards the well settle marriage life, reponsible to his dependants. Walt (2012) found that income of married people is higher than the single person, also found that the income of male person is higher than the female, Married male income is 51,384 whereas unmarried

36,605 and married woman income is 32,978 and unmarried woman income is 26,165 only. In other study, Hansanbanu, and Nagajyothi, (2007) examined that there is significant relationship between age of insured, his education level, gender and income of people and in their study they found that there is no significant relationship between marital status, type of family and purchasing of insurance.

### 3. OBJECTIVES OF THE STUDY

1. To study demographic profile of insured and need of insurance.
2. To find out relationship between marital status, family life and insurance.
3. To suggest improvement of demographic profile based insurance plans to join insurance schemes.

### 4. HYPOTHESIS

Ho: There is no significant relationship with insurance (insured) of population, Marital Status, Sex and Family life of insured.

### 5. RESEARCH METHODOLOGY

The data has been collected from the educated people of Rajasthan state by administering the self-structured questionnaire. To collect the data questionnaire send to responds by use of e-mails, and post-office. The samples were consisting of demographic aspects of responds. Only 100 responses were chosen from the all the responses on the following criteria.

Nearly, 170 people respond for the questionnaire some of them rejected due to incomplete responses of responds. Further, it had chosen 100 responses out of 120 on random basis. The study has been carried in three months from April to June 2014. The analysis of data collected through questionnaire has been carried out by using percentage analysis and the hypotheses were tested using chi-square test.

### 6. RESULTS AND FINDINGS

#### Profile of the sample insured

The major proportion (58%) of sample people were below the age of 30 and the remaining were above 30 years of age. Significant no. of respondents is

postgraduate 56% and remaining is graduate. People covered in research area are mostly insured and only 36% are uninsured. Major respondents (66%) of the research area are married and remaining is unmarried. Joint family (60%) have dominant over the nuclear family member. Majority of people of research cover are male (69%) and remaining are female. Mostly, insured people purchases insurance for security and tax savings equally 37.5%, for investment purpose people buy insurance is only 12%, and buy in pressure of agent is 5%. People who willing to buy insurance security 28%, tax savings 25%, and investment 22%, in pressure of agents 17% and other purpose remaining same of insured person only 8%. This implies that respondents are educated and aware about the insurance and its roles.

#### Marital Status and Insurance

Intriguing insurance policy does not depend on the marital status of person. For this Chi Square is calculating on basis of cross tabulation of Marital Status of respondent and insurance of respondent.

The tabular value of  $X^2$  (Chi-Square) (degrees of freedom = 1) is 3.841 and the value of  $X^2$  that from calculation is 5.311. Hence the tabulated value is less than the calculated value, it indicate the common intention of person that married people are more aware about his monetary expenses and safety. Therefore, the Ho (null hypothesis) is rejected. In addition, concluded that there is relationship between taking insurance policy and marital status of person.

#### Family Type and Insurance

Intriguing insurance policy does not depend on the family type of person. For this Chi Square is calculating on basis of cross tabulation of Family Type of respondent and insurance of respondent.

The tabulated value is more than the calculated value, it indicate that family type have not matter in safety and stability in the monetary terms of person, he/she is always aware about his future and safety. Therefore, the Ho (null hypothesis) is accepted and concluded, that there is no relationship between taking insurance policy and family type of person.

### **Family Type and Insurance**

Intriguing insurance policy does not depend on the gender of person. For this Chi Square is calculating on basis of cross tabulation of Gender of respondent and insurance of respondent.

The tabular value of  $X^2$  (Chi-Square) (degrees of freedom = 1) is 3.841 and the value of  $X^2$  that from calculation is 2.026. Hence the tabulated value is more than the calculated value, it indicate that gender have not matter in safety and stability in the monetary terms of person, he/she is always aware about his future and safety. Therefore, the  $H_0$  (null hypothesis) is accepted and concluded, that there is no relationship between taking insurance policy and gender of person.

### **Suggestions**

Indian insurers are offering only one of its kind life insurance policies. The life insurers are requiring designing the appropriate products that matched with desires of Indian society. Insurance companies should require its focus on demographic policies that cover aspirations of people with their belief systems. To cover the aspirations of people insurance companies are requiring maintaining tables on basis of demographic status of insured for pricing of insurance policies. Educated people are a boon for insurance industry to cover them they are required to present them as a model in the society. To attract them they make additional efforts and contact to them on direct basis without help of intermediary.. Generally, educated people are more aware about health related issues, it reduces the risk of their physical hazards and lower chances for the payments of insurance claims therefore; insurer should reward them with bonus on comparisons of illiterate and literate people ratio basis. Indian family system also admirable and insurer should pay attention towards a family policy to a certain extent than individual or life partner. IRDA and govt. of India should go on strict vision on the functioning of insurance companies regarding the premium calculations and claim settlement. Further, these regulatory should require a proper exploration of market, policyholder and find out its shortcomings.

Indian life insurance companies depends at brokers and agents, they are the prominent channels of insurance distribution. Today, approx 70% insurance business is carry out by insurance agent by their personal efforts and contacts (Singh, M.P., 2011). Insurance agents are lifeblood of Indian insurance companies. Agarwal, (2012) find in his study that agents of insurance are all four pillars of Indian insurance companies, its existence is depends at their performances. They are doing for their own interest, but in society of educated people, it has less influence. Insurance companies must educate the people about the insurance especially in rural and backward areas about the significance of insurance; this action would lead towards the illiterate people market. Further, insurance companies should organize the cultural and other spiritual activities to attract and aware the people without expenses more on advertisement, present advertisement have less influence on the illiterate people.

### **Implications**

The study furnishes information of insured about the educated people of Rajasthan regarding their insurance purchasing behavior. The study has collected data of insured people regarding their education level, family type; gender and marital status, this information of respondents use for identify the relationships and gaps in the marketing of insurance in demographic criteria. Entire study is depends at responses of respondents that may be have some drawbacks regarding accuracy of responses.

### **Scope for further research**

The application area- life insurance on demographic basis have more fields of research and scope for further research that based on the micro study of demographic status of people of India to explore it for better understanding of the issues in more related way. Some of these are like product innovations for gender –wise insurance, spouse insurance and family insurance. To know the magnitude of these in insurance marketing and how insurance companies design product that coordinated with the demographic status and wishes of Indian society.



## 7. CONCLUSION

From the study findings cleared that educated people of Rajasthan is more aware about insurance than the average insured. Educated people of Rajasthan have lower pressure of agents in their buying behavior. They perceive it as a safety tool that minimizes unforeseen hazards. The study find that the purchasing of insurance is not affected with the gender and family type of insured. It also finds that insurance is not an investment tool, it taken by people to reduce risk of life and reduce the tax liabilities. In present scenario male member are more conscious and have dominance in total share of insurance market. Married people of Rajasthan are an excellent span for insurance industry to encase their wishes of safety of his dependants with help of insurance cover. Insurance companies of India have its lower extent in demographic status of Indian society. Therefore, insurance companies in India should focus on the product innovations and appropriate distribution channel of insurance distribution to build insurance in reach of everyone with more efficacies. Insurance regulatory and govt. of India focus on more education level of general public to aware about the need of insurance in life of a person, minimize the risk of govt. for a person to avail him minimum belongings to live and endow with him right to live.

Further, study finds that segment of society which willing to pay money for insurance are wishes it as an investment. Insurance companies endeavor to design it as fair investment options to cover uninsured by pay them good returns on their scarification of premium amount.

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**Table 1 Profile of the sample people (insured)**

	Category	F	%		
Age	Below 30	58	48		
	Above 30	42	42		
Education	Graduate	44	44		
	Post graduate	56	56		
Insured	Insured	64	64		
	Uninsured	36	36		
Marital Status	Married	66	66		
	Unmarried	34	34		
Family	Joint	60	60		
	Nuclear	40	40		
Gender	Male	69	69		
	Female	31	31		
Purpose of insurance	Buy Insurance				
	Security	Investment	Tax Saving	Agent Pressure	Other
F	24	8	24	3	5
%	37.5	12	37.5	5	8
	Willing to Buy Insurance (Uninsured)				
	Security	Investment	Tax Saving	Agent Pressure	Other
F	10	8	9	6	3
%	28	22	25	17	8

**Table -2 Marital Status by Insurance**

		Whether Insured		Total
		Insured	Uninsured	
Marital Status	Married	37	29	66
	Unmarried	27	7	34
Total		64	36	100

**Table 3 Family Type by Insurance**

		Whether Insured		Total
		Insured	Uninsured	
Family Type	Joint	41	19	60
	Nuclear	23	17	40
Total		64	36	100

**Table 4 Gender by Insurance**

		Whether Insured		Total
		Insured	Uninsured	
Gender	Male	41	28	69
	Female	23	8	31
Total		64	36	100

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