RESPONSIVENESS AMONG URBAN AND RURAL POPULATION TOWARDS LIFE INSURANCE IN BANGALORE

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ABSTRACT

Life insurance is necessary for one's life as it acts as an essential during uncertain situations. Bangalore is considered to be one of the highly populated cities with good literacy rate. The present study analyses the responsiveness among the residents of Bangalore towards life insurance. A primary survey was conducted in the Bangalore district consists of 384 respondents. The collected data were analyzed using SPSS. The study insights on the responsiveness of the Bangalore residents and also the most preferred insurance plan in Bangalore.

Keywords: Life insurance, responsiveness, garret ranking, Bangalore.

INTRODUCTION

Insurance in the modern form originated in the Mediterranean during 13th century. (Business Management Ideas) Most presumably Babylonia circuitous 2100 B.C. saw the initiation of protection by dealers who wish to guarantee that their consignments achieve the goal securely. The dealers themselves used to take the liability for giving credit or propel cash to convoy for conveying the products at the purpose of conveyance. Once the merchandise was conveyed securely the given credit was reimbursed with interest. The ruler of Babylonia likewise gave security to such kind of protection under the code of Hammurabi, which managed every one of the parts of organization including general organization, exchange, back, economy, protection and others. Romans were up to date in the field of protection yet the underlying stage was limited to a social reason for to play out the burial of dead bodies.

So as to pay due respect to a dead individual certain custom were performed which required cash. An individual being not able to abide the cost of funeral they shaped clubs where individuals paid a certain sum and if there should arise an occurrence of need all costs were met

by the club. At the end of the day it was a sort of protection as the commitment to the club might be considered as a premium. Marine insurance is the oldest form of insurance followed by life insurance and fire insurance

Insurance is not a new concept in India. (easypolicy) The ancient roots apart, Indian insurance has been set up since mid nineteenth C, when in 1818, the Oriental life insurance Co. was started with a sharp eye on helping the British individuals commanding powers in India. While Indians were not barred, the rates and premiums that were charged were intensely distorted for the outsiders. Consistently, the Oriental Life insurance Co. could be viewed as the initial move towards simultaneous insurance in India. It was just towards the end of the nineteenth century, that the Bombay Mutual Assurance Society came into the image. Furthermore, this was the initial insurance company consolidated to scrutinize the necessities of Indians, denoting the advancement of insurance to be a comprehensive element, obliging Indians. Bombay Mutual Assurance is still in activity.(IDRAI)Life insurance sector had 23 private players in comparison to only 4 in 2002. The market share of share of private sector has grown from 2% to 29.69%. LIC continues to be the market leader with 70.31% of market share, followed by HDFC Standard life at 5.65%, SBI Life insurance at 5.59%, ICICI Prudential life at 4.90% and others 13.55% (IBEF, 2018).

Insurance is a contract between the Insurance company and Insured where the compensation will be paid by the Insurance Company to put the insured in the condition in which he was before the occurrence of the loss. Life insurance is necessary for every individual since the life is uncertain. Life insurance covers the financial loss due to death of the insured so that his loved one's does not suffer from financial crises (fil1); however, the purpose of investment in life insurance is significantly changed over the years. In olden days, the insurance has been taken by the people to cover their financial risk, but in modern world the need for insurance have been changed. The major purpose of insurance is to substitute for the insured's incomes if insured dies and to qualify the insured for favorable tax treatment.

STATEMENT OF PROBLEM

Life insurance companies are coming up with various life insurance products (IRDAI) in order to attract new customers. Government of India is also encouraging people to invest in life insurance by providing various insurance schemes for very low premium and also by giving attractive tax benefits (Department of financial services).

But still the life insurance is not much penetrated among the people due to various factors like lack of awareness, (Ajmer, 2010), low confidence and trust in insurance companies (Rao, 2015), illiteracy, low income, etc. The study analyses the responsiveness among the people towards life

insurance and suggests the insurance companies to create insurance products and plans in such a way that the insurance reaches to different individuals and avoids barriers involved in insurance penetration.

REVIEW OF LITERATURE

People are aware about only few life insurance products and this lack of awareness leads to less penetration of insurance in rural areas (Rao, 2015). There is a confusion in the minds of customers about basic classification of insurance and some investment products (Ahmed, 2013), which makes clear that the lack of clarity towards insurance products negatively influence the consumer behavior towards insurance. Attitude of people influences the responsiveness towards life insurance, say for example: A person who is over confident about his future survival may not likely to take up life insurance. The awareness level (Indumathi K, 2016) and attitude(Gautam, 2012) of people towards the insurance is affected by various socio- economic factors like age, gender, Occupation, income, family type, marital status and source of information. Socio economic variables like education and Income have significant influence in the awareness level of insurance among different individuals. Individuals with better education and income possess higher level awareness and knowledge about the insurance scheme.

Generally, investors prefer to invest in Gold, Bank deposit, Mutual fund, life insurance etc(Kumar, 2015)and their investment decisions are influenced by various factors like Qualification of investors (Dr.S.Suriya, 2012), Sources of information, safety, return and tax benefits(Selvakumar, 2015).The main purpose of buying life insurance policies are benefit on death and tax benefits (Dutta, 2010), tax benefit is considered by the larger part of the investors to invest in life insurance policies (MS. BABITA YADAV, 2012). Contradictorily studies proven safety factor is the main concern to buy life insurance policies and tax benefits were ignored by the customers while purchasing life insurance (Selvakumar, 2015).

Various life insurance policies have been offered by the private insurance sector in India (Dr. N. Senthilkumar, 2016) in order to attract the customers and to ensure the satisfaction of the policy holders. Positive perception of the consumer towards life insurance makes the policy holder loyal to the insurance companies. Consumer perception is greatly influenced by factors like timely Services, Company Reputation, Customer convenience, Quality service, tangible Benefits and Healthy Customer Client Relationship (Dr. Praveen Sahu, 2009).

RESEARCH GAP

From the reviews related to studies which were discussed in the previous pages. It is found that most of the studies concentrated on awareness level of life insurance in different parts of the country. Some studies have dealt with the purpose of insurance and type of insurance policy

taken by the policy holders/ customers in India. There was no specific and detailed study related to the responsiveness to the life insurance products of various insurance companies. Further some studies focused on educated and employed policy holders' responsiveness and acceptance to the life insurance products but they failed to use the proper scale to measure responsiveness among the rural people with considering tax benefit. With this backdrop a study relating to the rural and urban people responsiveness towards life insurance products with considering tax benefit as a major factor. Further this kind of study at a micro level will facilitate the policy maker and other stakeholders to develop proper strategies for developing and improving the life insurance products which may fulfill the expectation of various segmented people.

PURPOSE OF THE STUDY

- To study the responsiveness of Bangalore residents towards life insurance.
- To study the awareness of life insurance policies among urban and rural population.
- To study the tax benefit factor with respect to investment behaviour among selected population.

NEED FOR THE STUDY

The need for the Life insurance has been dramatically changing with current scenario. Investments and savings for future benefits are encouraged by the various Institutions like Banks, Insurance companies, financing companies etc. Even the governments of India encourage people to invest their money in various government schemes (like Atal pension scheme, SukanayaSamriddhi Yojana, Kisan Vikas Pathra etc.) by giving attractive tax benefits.

Bangalore city has population around 12 million, among which 89% of them are literate (Indiaonlinepages.com). This creates a feasible market for life insurers as is visible from the fact that Bangalore has been among the leading metros contributing to overall life insurance premium collections in the industry. Bangalore keeps on drawing in individuals from everywhere throughout the nation by giving amazing job opportunities. Along with higher income; residents of Bangalore are becoming more financially acute. Individuals with financial stability and sustained improved life styles have induced the demand for the products like life insurance plans that assure financial security of oneself or one's dependents in the event of unexpected death (Bank Bazar). The study is needed to analyze the responsiveness of residents of Bangalore towards the life insurance.

VARIABLES

Independent variables

Socio economic variables like Age, Gender, Income, education, occupation and residential area are taken for the study as independent variables. These variables are studied in various research in the field of insurance (Savitha, 2012), (Jain, 2012), (Kshama, 2016).

Dependent variables taken for the study are:

- Responsiveness of people
- Awareness level
- Purpose of tax benefit to opt for life insurance policy

RESEARCH METHODOLOGY

The present study is an exploratory type of research study. In order to conduct this study, 384 residents of Bangalore are surveyed and data collected through questionnaire using convenient sampling technique. The collected data were analysed using SPSS (Chi square test, correlation, Garret ranking is used to test the objectives of the study). The study period was from June 2018 to November 2018.

Sources of data

The data for the study is collected from primary and secondary sources. The primary data collected from the respondents through questionnaire method. The Secondary data collected from websites, journals, and newspapers.

ANALYSIS AND INTERPRETATION

Table 1: Descriptive statistics

Socio demographic characteristics of the respondents

Characteristics of the respondents	Number	Percentage
Age		
Up to 20	38	9.90
21-30	209	54.43
31-40	67	17.45
41 and above	70	18.23
Gender		
Male	213	55.47
Female	171	44.53
Area		

Urban	279	72.66
Rural	105	27.34
Marital status		
Single	227	59.11
Married	157	40.89
Level of education		
Illiterate	17	4.43
Below school level	51	13.28
School level	26	6.77
Graduate	164	42.71
Post Graduate	98	25.52
Professional	28	7.29
Occupational status		
Employee	138	35.94
Business/Profession	110	28.65
Student	96	25
Others	40	10.42
Monthly Income		
0-20000	228	59.38
21000-40000	113	29.43
41000 and above	43	11.20

Table 2: Responsiveness among urban and rural population towards Life insurance

Classification	Yes	No	Total	X	P Value
Urban area	233 (83.5%)	46 (16.5%)	279 (100%)	27.466[a]	.0001
Rural area	61 (58.1%)	44 (41.9%)	105 (100%)		
Total	294	90	384		

Note: The table consists computed value from the SPSS and the percentage is calculated row wise.

H0: - There is no difference in the responsiveness among the urban and rural population towards life insurance.

The above table presents the responsiveness among Urban and rural population towards life insurance. The total numbers of respondents taken for the study are 384. The urban population consists of 279 respondents among which 83.5% are positively and 16.5% are negatively responded towards the life insurance. Similarly, the rural population consists of 105 respondents among which 58.1% are positively and 41.9% are negatively responded towards life insurance. It can be concluded that the responsiveness is highly positive in urban area as compared to rural areas of Bangalore. In order to check the significance for the above values, Chi square test is applied. The p value is 0.000, so we reject the null hypothesis. Hence there is a difference in the responsiveness among urban and rural population towards life insurance.

Table 3: Awareness of life insurance policies among rural and urban population

SL.NO	SOCIO – DEMOGRAPHICAL CHARACTERSTICS OF THE RESPONDENTS	PREVAILING AWARENESS LEVEL ABOUT INSURANCE				X VALUE	P VALUE
		WELL AWARE	MODERATELY AWARE	NOT AWARE	TOTAL		
1.	AGE (YEARS)						
	Up to 20	9 (23%)	22 (56%)	8 (21%)	39 (100%)		
	21-30	90 (43%)	83 (40%)	35 (17%)	208 (100%)		
	31-40	36 (54%)	23 (34%)	8 (12%)	67 (100%)	10.324	0.112
	41 and above	33 (47%)	28 (40%)	9 (13%)	70 (100%)		
2.	GENDER						
	Female	67 (39%)	71 (42%)	33 (19%)	171 (100%)	4.194	0.123

	Male	101 (47%)	85 (40%)	27 (13%)	213 (100%)		
3.	**AREA**						
	Urban	131 (47%)	107 (38%)	41 (15%)	279 (100%)	4.256	0.119
	Rural	37 (35%)	49 (47%)	19 (18%)	105 (100%)		
4.	**MARITAL STATUS**						
	Single	91 (40%)	97 (43%)	39 (17%)	227 (100%)	3.168	0.205
	Married	77 (49%)	59 (38%)	21 (13%)	157 (100%)		
5.	**LEVEL OF EDUCATION**						
	Illiterate	1 (6%)	11 (65%)	5 (29%)	17 (100%)		
	Below school level	17 (33%)	25 (49%)	9 (18%)	51 (100%)		
	School level	10 (39%)	12 (46%)	4 (15%)	26 (100%)		
	Graduate	80 (49%)	64 (39%)	20 (12%)	164 (100%)		
	Post graduate	46 (47%)	33 (33%)	20 (20%)	99 (100%)	19.361	0.036
	Professional	14 (52%)	11 (41%)	2 (7%)	27 (100%)		
6.	**OCCUPATIONAL STATUS**						
	Employee	77 (56%)	49 (36%)	12 (9%)	138 (100%)		
	Business/Profession	50 (46%)	52 (47%)	8 (7%)	110 (100%)		
	Student	26 (27%)	43 (45%)	27 (28%)	96 (100%)	40.753	0.0001
	Others	15 (38%)	12 (30%)	13 (33%)	40 (100%)		

7.	**MONTHLY INCOME**						
	0 – 20000	78 (34%)	105 (46%)	45 (20%)	228 (100%)		
	21000 – 40000	65 (58%)	36 (32%)	12 (11%)	113 (100%)	22.154	0.0001
	410000 and above	25 (58%)	15 (35%)	3 (7%)	43 (100%)		

INTERPRETATION

The above table presents the awareness level among different socio-demographical factors. The total numbers of respondents taken for the study is 384; the awareness level is checked for both insured as well as uninsured respondents.

H0: There is no difference in awareness level among socio-demographical factors.

The p value of Age, Gender, Area and Marital status are 0.112, 0.123, 0.119 and 0.205 respectively. Hence, we accept the null hypothesis. Similarly, the p value of Education, Occupational status, Monthly income are 0.036, 0.0001 and 0.0001 respectively. Hence, we reject the null hypothesis for these variables, these variables are significant for the study.

It can be concluded that respondents with higher education, Income and fixed salary groups possess better awareness about life insurance compared to other groups.

Table 4: Tax benefit is the major reason for opting life Insurance

Variables	**Tax benefit is the major reason to opt for life insurance**	
	Correlation coefficient (r)	p value
Education	-0.104	0.154
Occupation	0.03	0.612
Income	0.0001	0.99

Note: The table consists computed value from the SPSS

H0: -There is no association between the selected variables and purpose of Tax benefit to opt for life insurance

The above table presents the correlation between Education, Occupation, Income and Tax benefit variables. The r value for education, Occupation and income are -0.104, 0.03, 0.0001 respectively. The r value of education indicates a negative association between the education and tax benefit variable. Whereas, the r value of occupation and income indicates a positive and neutral association between the occupation, income and tax benefit variable respectively. The p value of education, occupation and income are 0.154, 0.612 and 0.99 respectively. Since the p value of all the three variables is above 0.05, we accept the null hypothesis for all the variables.

Table 5: Garrett Value and Ranking

Particulars		1	2	3	4	5	6	7	Garret Score	Mean Garret Score	Garret Rank
Garret Table Value		**78**	**66**	**57**	**50**	**43**	**34**	**22**	-	-	-
Term Insurance Plan	No. Respondents	30	20	13	7	19	35	64	188	**43.44**	**6**
	Garrets Score	2340	1320	741	350	817	1190	1408	8166		
Endowment Plan	No. Respondents	38	55	40	22	13	12	8	188	**59.13**	**2**
	Garrets Score	2964	3630	2280	1100	559	408	176	11117		
Whole Life Insurance Plan	No. Respondents	59	38	42	17	21	5	6	188	**61.48**	**1**
	Garrets Score	4602	2508	2394	850	903	170	132	11559		
Money Back Insurance Plan	No. Respondents	18	30	39	53	27	13	8	188	**53.38**	**3**
	Garrets Score	1404	1980	2223	2650	1161	442	176	10036		

Children Insurance Plan	No. Respondents	10	21	25	51	47	21	13	188	**48.73**	**4**
	Garrets Score	780	1386	1425	2550	2021	714	286	9162		
Retirement Plan	No. Respondents	8	15	19	30	44	51	21	188	**44.07**	**5**
	Garrets Score	624	990	1083	1500	1892	1734	462	8285		
Unit-Linked Insurance Plan	No. Respondents	25	9	10	8	17	51	68	188	**39.76**	**7**
	Garrets Score	1950	594	570	400	731	1734	1496	7475		

The following formula is used to calculate the ranking of different policies.

Percent position = 100 (Rij – 0.5) / Nj

R_{ij} = Rank given for i[th]item j[th]individual

N_j = Number of items ranked by j[th]individual

Table presents the opinion of respondents (having life insurance) in different life insurance plans. When compared to other life insurance plans, Whole Life Insurance Plan is ranked No.1 with a Mean Garrett ranking score of 61.48and other plans respectively. From this we can find out that the most preferred life insurance plan among most of the residents of Bangalore is Whole Life Insurance Plan, since it provides protection to the insured throughout his/her life, and it is said to be the most liked plan among the respondents even though they are secured with other kind of Life Insurance Plans.

The other type of type of Life Insurance Plans such as, Endowment Plan, Money Back Insurance Plan, Children Insurance Plan, Retirement Plan,Term Insurance Plan and Unit-Linked Insurance Plan are been ranked 2,3,4,5,6 and 7 respectively. The least ranked plan is Unit-Linked Insurance Plan with a Mean Garrett ranking score of   39.76, this is because most of the respondents (especially rural respondents) are not aware about this type of plan, they are also frightened or worried about the losses they need to face when they invest their money in stock exchange and this is the reason why respondents have ranked Unit-Linked Insurance Plan least.

FINDINGS AND CONCLUSION

From the study, it is found that Bangalore residents are positively responding towards the life insurance. Socio economic variables such as education, occupation and income have significant impact on the awareness level of life insurance among the residents. Similarly, age, gender, marital status, residential area is insignificant for the study. The purpose of tax benefit for opting life insurance does not have any relationship with the education, occupation and income of the residents. It is also found that the whole life insurance plan is the most preferred insurance plan among the Bangalore residents.

From this study we conclude that even though the overall responsiveness towards life insurance is positive from the Bangalore resident's still the rural population responsiveness is low and hence the insurance companies must develop the life insurance products exclusively for the rural population. The companies should explain the benefit of tax exemption while offering the life insurance products to the customers which creates a financial impression on the life insurance products.

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