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Analysis of the consumer benefits and factors of life insurance to rural region of Odisha

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Abstract: Odisha is the 9th largest state by area in India, and the 11th largest by population. . There is availability of much untapped rural potential with regards to life insurance. It should be possible to reach them and persuade them to seek a suitable cover, in both life and non-life segments. This offers great market potential and will call for greater marketing effort. The present study is based on primary data collected from three hundred respondents covering three district of Odisha like Cuttack, Puri and Balasore. The study focuses the consumers' benefit of life insurance to rural people. The study will also reflect the various factors responsible in insurance penetration in the rural market of the selected district of Odisha.

Keywords: Policy preference, satisfaction level, claim settlement, disclosure of all terms and conditions

I. INTRODUCTION

A large population of India lives in the rural areas. The impact of risks associated with life and health are far more severe on this population as compared to the urban population with higher levels of income. In the wake of development plans of government and agriculture prosperity at least in some pockets, there is better disposable income in the hands of more affluent rural population of rural Odisha. A large number as compared to past can afford to buy insurance covers. There is availability of much untapped rural potential with regards to life insurance. It should be possible to reach them and persuade them to seek a suitable cover, in both life and non-life segments. This offers great market potential and will call for greater marketing effort. In fact, higher growth in the insurance business is likely to be available in rural Odisha, but this is hampered on account of the poor quality of simple infrastructure and means of communication. This puts a limit in the ease and ability of the insured to pay up their premium. As a consequence, the lapsation of policies in these areas is also large (P.S. Palande, R.S. Shah & M.L. Lunawat, 2003)

Both the public sector and private sector insurance companies have taken many steps to increase the insurance penetration in the rural region of Odisha. The LIC of India has tackled rural insurance in three ways:

1. By selling individual policies to the most affluent rural section;
2. By selling group insurance policies to the not so well-off sections; and
3. By popularizing government subsidies group insurance policies to the weaker segment.

The LIC of India has successfully tapped this market and its business in rural Odisha is growing. The business of LIC is also growing in all rural parts of India and as around 30 per cent, of its business currently comes from rural areas (P.S. Palande, R.S. Shah & M.L. Lunawat, 2003). Since around 1998-1999, the number of insurance policies sold in villages has grown by an annual average of 18 per cent, compared to 3.86 per cent in the urban areas. Moreover, the policies being taken out in villages are not small.

The private companies have also appreciated the scope in this sector as stated by Anuroop Singh (2000), "We believe that the rural life insurance sector has tremendously potential. As part of our effort to the benefits of life insurance to larger cross section of the Indian population, Max New York Life will develop product for the rural sector. Other companies also indicated similar interest. In reality, however, no noteworthy development in this area is yet visible."

II. Objectives

The present paper attempts to study the different factors responsible for insurance in rural areas. It will reflect the types of policies preferred, degree of satisfaction, Satisfaction level with the policies of the claim settlement, Performance of branch staff with the customers, Satisfaction level with the disclosure of all terms and conditions, customers' satisfaction level with the insurance company.

III. Data Collection

The factor analysis is based on primary data collected from three districts like Cuttack, Puri and Balasore. A questionnaire was developed (given in annexure) and data are collected from 300 people. From each district 100 data are collected out of which 50 data are collected from urban areas and the rest 50 data collected from rural areas. The data are based on different questions and the result of each questions are given below.

IV. Analysis and Discussion

A. Preference of Policies By Customers

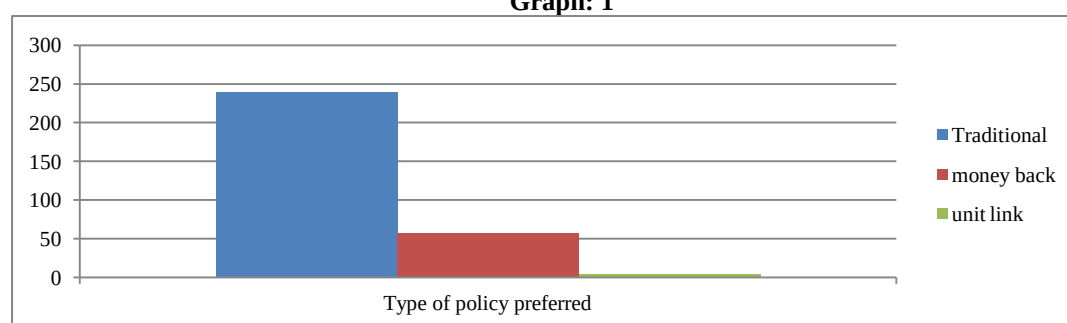
The first question was among all the insurance company policies you have opted, with which policy are you satisfied the most? The result is given bellow:

TABLE: 1

Company	Total	Traditional	Money back	unit link
LIC of India	203	168	33	2
ICICI PRU	35	24	10	1
SBI LIFE	44	34	9	1
BAJAJ	5	4	1	0
MAX LIFE	8	5	3	0
HDFC	5	4	1	0
Total	300	239	57	4
Per cent	100	80	19	1

Source: Compiled from primary data collected from consumers

Graph: 1



Source: Compiled from primary data collected from consumers

From the above table and graph it is clear that most of the policy holders are satisfied with the traditional policy offered by the insurance companies. The rate is very high and around 80 per cent of the policy holders preferred traditional policy. Few policy holders also prefer the money back policy as they will get their money back in fixed time interval. 19 per cent of the policy holders preferred money back policy. The number of policy holder preferred for unit link policy is very less. Only one percent of the policy holder prefers this policy. This shows that all the insurance companies preferred to offer more traditional policies than other policies.

B. Degree of Satisfaction with the Insurance Company

The second question was Degree of satisfaction with the above company. The result is given bellow:

(Indicate your response with the help of 5 point Likert Scale)

- a. Satisfaction level of the customers with the regulation policies and procedures of the insurance company.

TABLE: 2(Satisfaction Level of Customers)

Company	Total	1. Least important	2. Somewhat important	3. Important	4. Very important	5. Extremely important
LIC of India	203	10	42	105	25	21
ICICI PRU	35	2	8	15	6	4
SBI LIFE	44	3	10	17	9	5
BAJAJ	5		1	3	1	
MAX LIFE	8		2	2	4	
HDFC	5		1	1	3	
Total	300	13	66	143	48	30
Per cent	100	4.3	22	47.7	16	10

Source: Compiled from primary data collected from consumers

GRAPH: 2(Satisfaction Level of Customers)



Source: Compiled from primary data collected from consumers

From the above table and graph it is observed that most of the customers are very careful regarding the regulation policies and procedures of the insurance company. More than 75 percentages of the policy holders think that regulation and policies of the companies are very important. Few policy holders think that is less important.

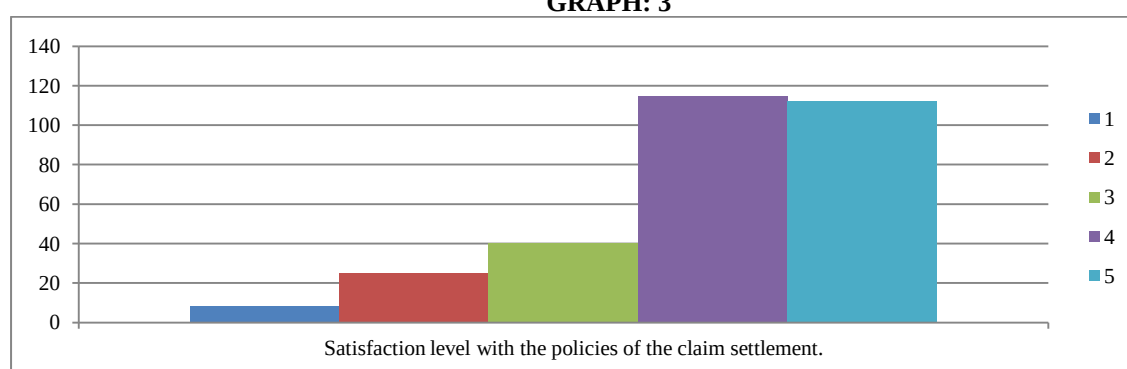
a. Satisfaction level with the policies of the claim settlement.

TABLE: 3

Company	Total	1.Least important	2. Somewhat important	3. Important	4. Very important	5. Extremely important
LIC of India	203	5	16	22	78	82
ICICI PRU	35	1	2	4	12	16
SBI LIFE	44	2	4	9	18	11
BAJAJ	5		1	1	3	
MAX LIFE	8		1	2	2	3
HDFC	5		1	2	2	
Total	300	8	25	40	115	112
Per cent	100	2.7	8.3	13.3	38.3	37.3

Source: Compiled from primary data collected from consumers

GRAPH: 3



Source: Compiled from primary data collected from consumers

Claim settlement is very important in life insurance. Every policy holder takes it as the extremely important factor while buying the policy. Form the diagram; it is clear that most of the respondents choose claim settlement is the priority factor in insurance. More than 97 per cent of the policy holders think claim settlement is important to extremely important. Only 2.7% of the share holders think that claim settlement is least important. It may be due to their ignorance about the insurance policy.

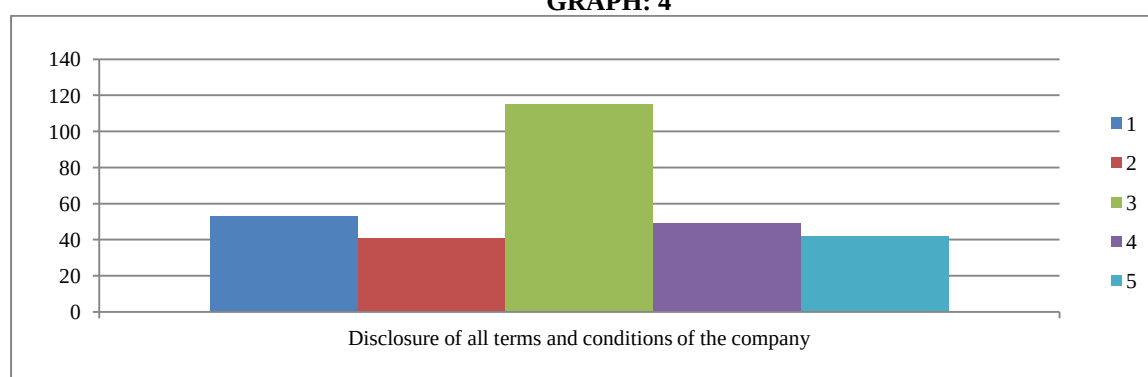
b. Satisfaction level with the disclosure of all terms and conditions of the company

TABLE: 4

Company	Total	1. Least important	2. Somewhat important	3. Important	4. Very important	5. Extremely important
LIC of India	203	35	26	85	28	29
ICICI PRU	35	3	8	14	6	4
SBI LIFE	44	12	2	12	10	8
BAJAJ	5	1	1	1	2	
MAX LIFE	8	1	2	2	2	1
HDFC	5	1	2	1	1	
Total	300	53	41	115	49	42

Source: Compiled from primary data collected from consumers

GRAPH: 4



The above table and diagram explained that most of the policy holders are not bother about the disclosure of all terms and conditions of the company. Most of them rely on the insurance agents and advisors. Policy holders think term and conditions are important but few of them read all the term and conditions in the proposal form and also in the bond paper. When they take the policy the insurance agents or advisors may mislead them and they may not get the appropriate policy as per their need. This is happened in case of the rural policy holders those have little knowledge about insurance.

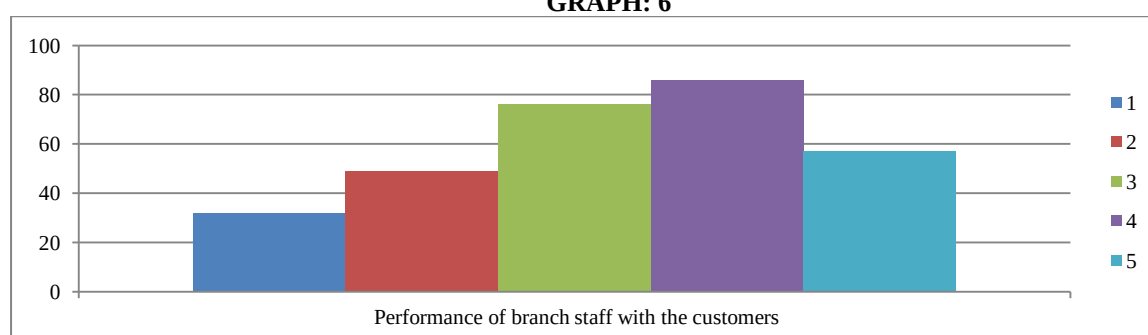
c. Performance of branch staff with the customers

TABLE: 5

Company	Total	1. Least important	2. Somewhat important	3. Important	4. Very important	5. Extremely important
LIC of India	203	23	34	55	67	24
ICICI PRU	35	2	5	8	9	11
SBI LIFE	44	3	6	8	7	20
BAJAJ	5	2	1	1	1	
MAX LIFE	8	1	2	3	1	1
HDFC	5	1	1	1	1	1
Total	300	32	49	76	86	57

Source: Compiled from primary data collected from consumers

GRAPH: 6



Source: Compiled from primary data collected from consumers

Performances of the branch staff play a vital role in creation of policy and also retaining the customers. When a customer satisfied with the branch staff, he may take another policy or may new customers for the company. The table shows that most of the customers take the attitude of the branch staff very seriously. Only few people think it is least important.

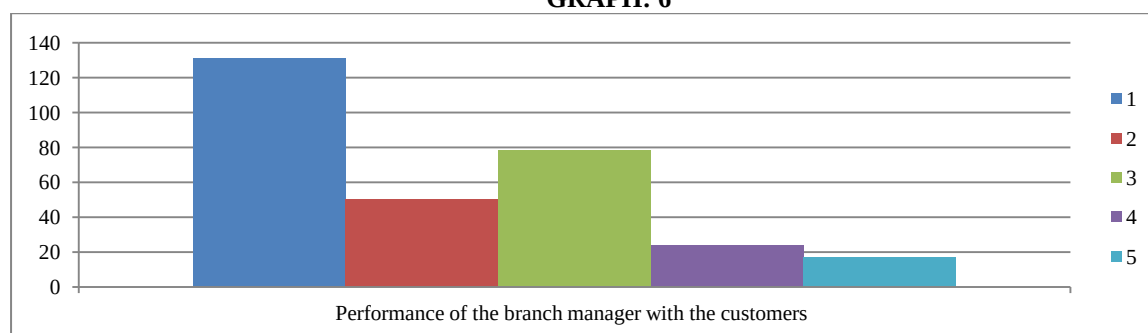
d. Performance of the branch manager with the customers (relationship management)

TABLE: 6

Company	Total	1. Least important	2. Somewhat important	3. Important	4. Very important	5. Extremely important
LIC of India	203	85	30	65	12	11
ICICI PRU	35	16	6	5	5	3
SBI LIFE	44	22	10	4	5	3
BAJAJ	5	2	1	1	1	
MAX LIFE	8	3	2	2	1	
HDFC	5	3	1	1		
Total	300	131	50	78	24	17

Source: Compiled from primary data collected from consumers

GRAPH: 6



Source: Compiled from primary data collected from consumers

In insurance business customer relationship is very essential. But few policy holders meet the branch manager to discuss about the insurance before taking a policy. This work is done by the advisors or development officers. In case any problem faced by the policy holders, they try to meet the branch manager to solve the issue. In the table and graph it is showing that most of the policy holders take this factor as least important. But from insurance company point of view this factor is the most important factor to enhance their business.

C. *Customers' Satisfaction Level with the Insurance Company*

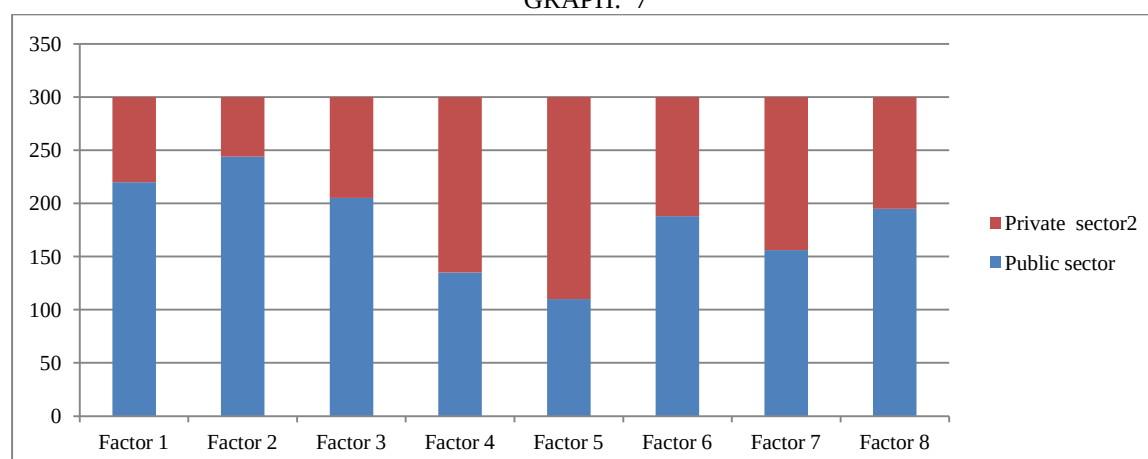
The third question was Give your independent opinion regarding the satisfaction level in the insurance company under the following sectors (Give tick mark for the higher satisfaction). The result is given bellow:

TABLE: 7

SL No	Degree of Satisfaction	Private Sector Insurance Companies	Per Cent	Public Sector Insurance Companies (LIC)	Per Cent
1	Satisfaction level with the regulation and procedures of the insurance company	80	27%	220	73%
2	Satisfaction level with the policies of the claim Settlement.	56	19%	244	81%
3	Satisfaction level with the disclosure of all terms and conditions of the company	95	32%	205	68%
4	Performance of branch staff with the customers	165	55%	135	45%
5	Performance of the branch manager with the customers (relationship management)	190	63%	110	37%
6	Higher maturity benefit of the policy	112	37%	188	63%
7	Lower premium of the policy	144	48%	156	52%
8	Other Benefits	105	35%	195	65%

Source: Compiled from primary data collected from consumers

GRAPH: 7



Source: Compiled from primary data collected from consumers

From the above table and graph it is observed that in most of the factor the customers satisfaction is highest with the public sector insurance company i.e. LIC of India. In regulation and procedures of the insurance company 73% of policy holders are satisfied with LIC and only 37% are satisfied with the private sector. In claimed settlement 81% of the policy holders are satisfied with LIC and only 19% are satisfied with the private sector. In disclosure of all terms and conditions of the company, 68% of the policy holders are satisfied with LIC and only 32% are satisfied with the private sector. In Performance of branch staff with the customers, LIC of India is far behind the Private sector and most of the customers are satisfied with the private sector. In this factor 55% of the policy holders are satisfied with private sector whereas only 32% are satisfied with LIC of India. In customers relationship management the private sector companies are also ahead the LIC of India. In the factors like higher maturity benefit of the policy, lower premium of the policy and other benefits LIC of India is far ahead than the private Insurance companies.

V. CONCLUSION

Before taking an insurance policy most customers consider many factors but in rural area most of the customers are rely on the insurance agent and advisors. The important factors are claim settlement, disclosure of all terms and conditions, performance of branch staff with the customers, and customers' relationship management. Out of those factors most of the customers are satisfied with the LIC of India. But the private sector companies are also ahead than LIC of India, in the factors like, performance of branch staff with the customers, and customers'

relationship management. Most of the insurance company offer three types of policies like traditional, money back and unit linked policies. Out those policies many of the customers are opt for traditional policies and then followed by money back policy. Few customers prefer unit link policies as the benefit of the policies are not certain and based on the stock market.

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