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Attitude of Policyholders Towards Micro Insurance (A Study With Reference To Lic In Salem District)

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Abstract

The poor people are need to some level of protection against risk. Due to increasing the attention for risk management and social protection in the context of poverty reduction strategies was followed in developing counties. Insurance is one of the backbones of a country's risk management system. The insurance providers offer a variety of products to individuals in order to provide protection from risk and to ensure the financial security. It also helps for the mobilization of savings and providing financial support when needed the insurance industry covers micro insurance policies. The current paper displays an experimental and analytical study that has been done with the objective to know the attitude of policyholders towards LIC under micro insurance scheme in Salem district. For this purpose a sample of 398 policyholders are selected by using simple random technique. The results were discussed based on the descriptive reveals that policyholders attitude measured level of variables. Conclude that LIC of India should take the necessary step to improve the poor people of welfare and launching new products of micro insurance policies.

Key Words: Protection, Low Income, Micro Insurance Plans, Risk management, Financial security.

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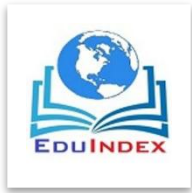
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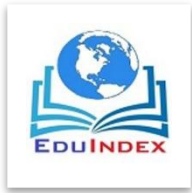
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INTRODUCTION

The Indian government has introduced welfare schemes for poor people's that have not only helped Indian citizens improve their financial situations, but have also contributed to the country's economy. Listed below are seven schemes initiatives and benefits of government schemes set up post-independence. A government schemes like that financial inclusion, savings, remittance, credit, insurance, pension are affordable rates. The aim of these schemes is to meet the education and marriage expenses, universal health schemes, renewable insurance schemes, financial assistance to the elderly, widows and disabilities in the form of social pensions. Micro units development & refinance agency, non-corporate, micro and small enterprises, Business Loans Group Loans (BLG), Rural Business Credit (RBC) there are several schemes developmental are constantly involved in launching and implementing new security schemes to improve the living standards of individuals. The LIC of India is one of the major players which consist of more than 50 percent of share holding in insurance sectors. LIC provides various types of policies if covers the middle & upper class people because the premium amount is very high. The poor people, rural dwellers, small business man and irregular wage earners often do not covered by any kind of insurance. The reason may be lack of education, not aware about insurance plans and high premium amount etc., Solife insurance corporation to introduced micro insurance policies in November 2005 micro insurance is recognized IRDA as an important financial service providing and protection to the poor peoples. It is specially designed for the low income people protection, with affordable insurance plans to help them to cope with recover from common risk.

Life micro insurance plans is offer providing loans, micro-credit, financial support at the time of policyholder's death and to protect the family members from financial risk. The ultimate goal of micro insurance is to enable the poor people to mitigate their risks through the insurance plans in order to reduce vulnerability thereby increasing their welfare of life. The poor people under the micro insurance policies is Life Insurance Corporation provides this plans as simple



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savings related to life micro insurance plans the policyholders to pay premiums at monthly, quarterly, yearly intervals over the term of policies. The policyholder terms of premium payments two types regular premium, single premium the total period is 5 to 15 years while minimum installment amount of premium Rs.5000 minimum sum assured and maximum sum assured amounted Rs.50, 000. The social security measures prevailing at present in India covers PM modi schemes the old age income security, accidental death disability and economic risks. But, in the present study scenario various factors like a financial cover, protect family members, accident & death of policyholders family member, LIC service, affordable cost, community development create wealth and so on significantly influence the policyholders to preference the purchased by life micro insurance plans.

REVIEW OF LITERATURE

Charles Ackah and Adobea Owusu (2012) have focused on “Assessing the Knowledge and Attitude towards Insurance”. This study determines the level of insurance awareness with respect to people’s attitude and opinion towards insurance. The sample size was 300 respondents chosen by purposive and simple random sampling. The knowledge of insurance was measured using multiple choice and true/false questions, while attitude was tested using a Likert scale. Index scores were obtained for knowledge and attitude, based on the sum of correct or favorable responses respectively. With regard to attitude towards insurance, the study confirmed the general impression that insurance companies will eventually renege on their promises. The researcher concluded that education on insurance is increasing, government’s supervision of insurance operations is strengthening and that insurance companies are improving their client orientation so as to redeem their public negative image.

VikasGautam V. and Mukund Kumar M. (2012) have focused on “Attitudes of Indian Consumers towards Insurance Services“. The main objective of the study is to probe into the

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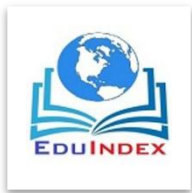
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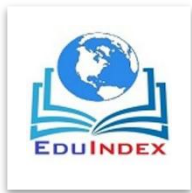
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attitudes of Indian consumers towards insurance services by using basic socio demographic and economic variables. A sample of 520 respondents in National Capital Region (NCR) of India had been collected by using simple random sampling technique. Statistical tools like ANOVA and independent t-test were used to test the research hypotheses formulated for the research work. Results of ANOVA show that in case of professional inclination, manufacturing sector got highest mean score as compared to others sectors of profession. The mean attitude score of middle income group is found higher than the low income and high income group, however the difference of the high income group is statistically insignificant. It is evident from the study that young people in Indian are not embracing insurance services. He concluded that the insurance companies should incorporate such marketing activities which make people aware of the benefits of the insurance services and also developing interest about insurance business.

T.Kavitha et al., (2012) have focused on “Customers Attitude towards General Insurance“. With over a billion people, India is becoming a fast global economic power. With a relatively youthful population, India will become an attractive insurance market over the next decades. This paper determined the factors that influenced the policy holders to select the general insurance company for insuring. Their study has been conducted in Erode district with the sample size of 750 respondents to find out the factor influencing the policy holders. The focused respondents’ opinion on the various related statements were collected with a 5 point scaling. The data were analyzed by Factor analysis and multivariate technique was used to reduce the large number of factors in a small group of factors. There were 25 factors different types of policy holders’ conscious, among all other human relations in service oriented industry, which is the vital force to run or ruin any organization. Major findings were that instead of confrontational attitude, it is wise for both to understand each other to the maximum possible extent so as to establish a permanent soothing relationship.

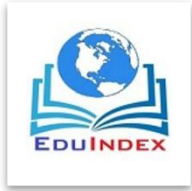
Nelson KimeliKemboiYego et al.,(2014) have attempted a study on “Influence of Customer Attitude on Uptake of Life Insurance among Teachers” in Kenya. This research found



out the customer attitude influence on the uptake of life insurance among teachers in UasinGishu County, Kenya. The research was based on life insurable teachers in Wareng Sub-county by using stratified random sample of 302 respondents from the county. Content Validity Index (CVI) was used to measure the validity of the research instruments. The findings pointed that great effort should be put by stakeholders to increase perception of life insurance and hence enhance customer attitude. Concluded that this is not the only factors that influence the uptake of life insurance by teachers.

Evans MbuthiKilonzo et al., (2014) in their study have examined the “Influence of Customer Attitude on taking up of Life Insurance among Teachers in LIC of India” which Plays a vital role in the welfare of human well being by providing insurance to millions of people against life risks such as uncertain death or accident. The objective was to identify the factors which influence customers’ policy buying decision and also preferences of customers while life policy investment decision making. For exploratory and descriptive based study data has been collected from both primary and secondary sources. The sample size was 150 policyholders of LIC and different private life insurers through a stratified and purposive sampling method were being used. Various statistical tools like chi-square, correlation and weighted average method. LIC is the most accepted and popular brand in life insurance, the market share of private insurers are gradually increasing with people’s trust and better services offered and the goodwill of the company are some of the main findings of the study. Insurance companies should spread more awareness about life insurance, reduction in premium amount and giving more attention on need based innovative products are some of the suggestions provided by the researcher. The paper concluded that the demographic factors of the people play a major and pivotal role in deciding the purchase of life insurance policies and need based innovative products.

R.Amsaveni & B. Indira priyadharshini (2015) have attempted to study the “Attitude of LIC Policyholders towards LIC in Pollachi Taluk“. India is an agricultural country. The earnings of many people are not enough for their livelihood. So they are unable to make



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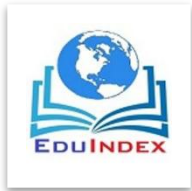


investments in savings. They give priority to their food, medical care and education. The main aim of the investors is to gain tax relief. So, many people lack knowledge of the necessity of insurance. This study attempts to assess the awareness of insurance and level of investment in Pollachi Taluk in Tamil Nadu. Study sample was 100 life insurance policyholders representing various types such as government employees, private employees, agriculturists, pensioners, businessmen and self-employed people of Pollachi area, selected by using convenient sampling technique.

ShenbagamKannappan (2015) has examined a research study on “Customers’ Perception towards Micro Insurance Products: A Study with Special Reference to Erode District”. A main objective of the study was to examine the awareness and perception towards micro insurance products in Erode District. The data required for the study have been collected both from primary and secondary sources. The data was collected from rural and urban areas of Erode District through personal interviews covering a total sample of 100 Life insurance policyholders. Statistical tools like percentage and t-test were used. The result that showed there is a great awareness about the micro insurance products among the respondents. The respondents are highly satisfied towards the micro insurance products offered by both the public and private sector life insurance companies in Erode district. A major finding is that Micro Finance institutions (MFIs) and NGOs are negotiating with the profit insurers for the purchase of customized group or identical separate insurance structures for low income people. Agents play a major role in creating alertness as well as major influencers for attractive micro insurance policy. As micro insurance companies are growing upward and developing throughout the world, it is important that investors have current and reliable data. India’s Micro insurance Industry is going for quick growth in the coming days.

STATEMENT OF THE PROBLEM

In India 2011 census regarding poverty line population in the country is 40.74 crore and the poverty line for the urban and rural areas. They are problems faced by poor people like food,



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medical attention, educational of their children, health its attributes, infant mortality, general morbidity, economic security, income assured, employment opportunities, improving their quality, standard of life and launching new entrepreneurial ventures that can lead to the development of the rural areas. The earnings of many poor and low income people are not enough for their livelihood. So they are unable to make investment and savings for future. Making availability of financial services across all the segments of society is very important to ensure broad level of economic development of the country.

OBJECTIVES OF THE STUDY

1. To know the life micro insurance plans in Salem district.
2. To measure the attitude of policyholders towards LIC life micro insurance plans.

RESEARCH METHODOLOGY

The present study has been undertaken in Salem District. The study is based on both primary data and secondary data. The primary data is collected from 398 LIC life micro insurance policyholders by using simple random technique then interview scheduled and the secondary data is obtained from books, journals and websites etc., The collected data were analyzed with the help of Simple Percentage analysis.

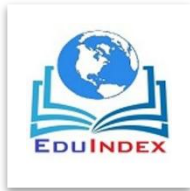
RESEARCH ANALYSIS

I. Demographic Variables of the Respondents

Table: 1.1

Demographic Profiles of the Respondents

	Factors	Frequency	Percentage
Place	Rural	142	35.7
	Urban	124	31.2
	Semi-Urban	132	33.2
	Total	398	100.0
Gender	Male	203	51.0



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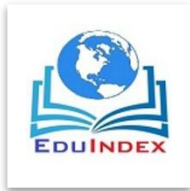


	Female	195	49.0
	Total	398	100.0
Education Level	Illiterate	84	21.1
	Know to read and write	21	5.3
	Elementary Education	87	21.9
	High School Education	96	24.1
	Higher Secondary	37	9.3
	Diploma	28	7.0
	Graduate Level	44	11.1
	Others	1	.3
	Total	398	100.0
Occupation	Agriculture	27	6.8
	Agricultural Labour	94	23.6
	Self-Employed	59	14.8
	Daily Wages Worker	138	34.7
	Cattle Rearing Job	15	3.8
	Weaver	1	.3
	Housekeeping worker	15	3.8
	Others	49	12.3
	Total	398	100.0
Income	UptoRs. 2500	57	14.3
	2501-5000	104	26.1
	5001-7500	146	36.7
	Above 7501	91	22.9
	Total	398	100.0
Marital Status	Married	299	75.1
	Unmarried	46	11.6
	Widows	41	10.3
	Divorce	12	3.0
	Total	398	100.0

(Source: Primary data)

Interpretation

The finding of the study revealed that the gender details of the respondents out of 398 policyholders, the majority 203 respondents 51.0 per cent of the policyholders purchased plans



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are male and 49.0 per cent of the 195 policyholders were male. The educational details of the respondents out of 398 policyholders, highest 96 policyholders 24.1 per cent of the policyholders up to HSC level. Majority of the 142 policyholders were belonged to rural area 35.7 percent. Out of the 299 policyholders 75.1 per cent of the policyholders were married. The majority 183 policyholder's occupation daily wage workers 34.7 percent, the monthly income of the 146 policyholders revealed that 36.7 per cent policyholders earn below Rs. 5000 -7500 as their monthly household income.

2. Attitude of Policyholders towards Micro Insurance

Table: 1.2

Attitudes towards LICs Life Micro Insurance Plans

Factors	SA		A		N		DA		SDA		Total
	N	%	N	%	N	%	N	%	N	%	
LMI is suited for poor and rural people budgets	208	52.3	134	33.7	51	12.8	3	0.8	2	0.5	398
LMI Micro insurance covers life, health, live stock, etc.	46	11.6	301	75.6	50	12.6	1	0.3	-	-	398
LMI policy Available without medical examination	26	6.5	306	76.9	64	16.1	2	0.5	-	-	398
LMI Delivered by different channels by the company	28	7.0	253	63.6	115	28.9	2	0.5	-	-	398
LMI Includes community based schemes	28	7.0	85	21.4	279	70.1	6	1.5	-	-	398

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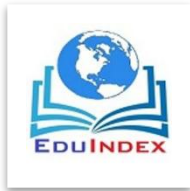
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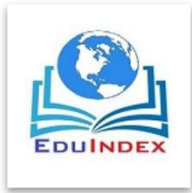
It is a New risk management tool for low income people	26	6.5	145	36.4	218	54.8	9	2.3	-	-	398
Small premium and proportionate life cover	89	22.4	237	59.5	70	17.6	2	0.5	-	-	398
It is Regulating by IRDA	48	12.1	284	71.4	60	15.1	6	1.5	-	-	398
Life Micro Insurance policy can give to loan security	16	4.0	108	27.1	246	61.8	28	7.0	-	-	398
Claims handled very simple and less documentation	39	9.8	289	72.6	65	16.3	5	1.3	-	-	398
It is support to individuals and families	115	28.9	216	54.3	66	16.6	1	.3	-	-	398

(Source: Primary data)

Interpretation

Attitude towards micro insurance policyholders most of respondent are agree level LMI is suited for poor and rural people budgets (52.3%), LMI micro insurance covers life health, live stock(75.6%), LMI policy available without medical examination(76.9%), LMI delivered by different channels by the company(63.3%),LMI includes community based schemes is neutral(70.1%), It is a new risk management tool for low income people(54.8%),small premium and proportionate life cover(59.5%), it is regulating by IRDA(71.4%), claims handled very simple and less documentation(72.6%), it is support to individuals and families(54.3%).

FINDINGS



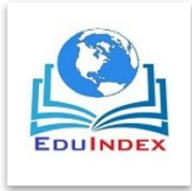
- ❖ Most of the respondents are Male policyholders buying policies for 51.0 percent.
- ❖ Majority of the policyholders reside in rural area it is 35.7 percent.
- ❖ Majority of the policyholders are high school level 24.1 percent respondents.
- ❖ Majority of the policyholders are married it is 75.1 percent.
- ❖ Most of the policyholder's 36.7 percent monthly income ranges from 5000 to 7500 among the policyholders the satisfaction level is found high public sector policyholders.
- ❖ Policyholder's attitude level it is also found that a large number of sample policyholders are with agrees level of attitude.

CONCLUSION

This type of insurance plans social and commercial life insurance policy to the requirements of people with lower incomes and offers them protection. The main objective of micro insurance is to offer insurance plans to low income population. By reducing the poverty of the low income households micro insurance helps in the macro economic development of the country. The micro policies insured customer plays significantly smaller premiums to the insurance company. It is specially designed for the low income people protection, with affordable insurance plans to help them to cope with recover from common risk. Life micro insurance plans is offer providing loans, micro-credit, financial support at the time of policyholder's death and to protect the family members from financial risk. The ultimate goal of micro insurance is to enable the poor people to mitigate their risks through the insurance plans in order to reduce vulnerability thereby increasing their welfare of life.

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