
"A study of rural market awareness towards private life insurance w.r.t. North Maharashtra Region"

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Human life is full of risks like accidents, earthquake, serious illness etc. These risks causes incurring losses in human life which may be beyond the capacity of human to bear. Now a days life insurance is best financial mean available to bear the life risks. In 2000 Government of India allowed private player and FDI in life insurance industry. So whole Indian market is now open for private life insurance companies. But Indian market is divided into two parts i.e. urban and rural. Most of population (69% according to 2011 census) of India living in rural market. This huge market is still untapped and have great potential for life insurance. Private insurance companies have golden opportunity to enter in this market. This study will help private insurers to find out the awareness of private life insurance in the rural population w.r.t. north Maharashtra region. A researcher interviewed 1000 rural respondents from rural households by using questionnaire. In rural market, the awareness of private life insurance was found to be 65% but 86% rural people knew the LIC. Apart from this only 36% people have sufficient information of private life insurance. That means they don't know the private life insurance is controlled by government authority (IRDA). In case of fund security, claim settlement, maturity benefits rural people less believe on private life insurance. Still 90% rural peoples said that life insurance is essential for life risk coverage. That means there is scope for private players to go and create awareness among rural people to tap this potential market and expand their business.

KEYWORDS**Life Insurance, Private Life Insurance, Rural Market, Rural Market awareness.****INTRODUCTION**

The word Insure means 'to secure' or 'to protect'. In law and economics, insurance is a form of risk management primarily used to hedge against the risk of a contingent, uncertain loss. Life insurance is a legal contract between an insurance policy holder and an insurer, where the insurer promises to pay a beneficiary sum of money upon the death of the policy holder.

Rural market is a market having low density of population and without significant infrastructure. The rural market having low population, low population density and majority of people are engaged in agriculture and agriculture related activities. According to 2011 census, near about 69% of the total

population of country lives in rural areas. Now a days this rural market is in growing phase. Rural income, literacy rate is also in growing phase. Rural people are aware towards saving and life risk.

In 2000 Indian government allowed private insurers and FDI in life insurance industry. Insurance regulatory and development authority (IRDA) has appointed by government for issuing licenses to private life insurers. So private life insurance companies are free to expand their business in Indian market.

But Indian market is divided into two categories i.e. urban and rural. Most of Indian population (69% as per 2011 census) lives in rural areas. So huge market is available for private life insurance companies. This study will help private life insurance companies to showing rural market awareness towards private life insurance companies. That will be helpful for private players to take corrective actions in rural market and to formulate proper marketing strategies to tap this huge market.

REVIEW OF LITERATURE

Mr. Sanjay Taneja, Mr. Sachin Gupta, Mr. Vikas Mishra (2014) in their research paper, "comparative evaluation of life insurance companies in India", they found that, Life Insurance is the fastest growing sector in India since 2000 as Government allowed Private players and FDI up to 26%. The market share of public sector life insurance companies has continuously declined, whereas that of private sector companies has increased during the 2003 to 2011 but in 2012 the market share of public sector increased and found the decline trend in market share of private sector life insurance companies. **Shilpa Thakur** (research paper prepared under the internship program of competition commission of India) in her research paper "competition in life insurance sector in India", analyzed that LIC is a dominant market player with more than 70% of market. 22 of the private insurers had managed a higher growth at 7% against 2% in the previous period, but they cumulatively lost 6% market share to the LIC, the only public sector insurer. With major market share there seems a ground that the market does not provide for a level playing field in the market. **Mr. Manvendra Pratap Singh, Ms. Arpita Chakraborty and Dr. Raju G.** (2011) in their research paper, "Contemporary issues in marketing of Life Insurance services in India", they found that 22 private companies have been established in life insurance sector. All these private players are actively introducing innovative products to meet the specific needs of the prospective consumer or policyholders. However, life insurance companies, particularly private sector players, give more attention in selling unit linked plans that are not suited to the real needs of the insured. Of the various alternative distribution channels, agency is still dominating and the successful one. Consumer awareness, strong customer education programs and promotional strategies are the immediate requirements. Exploring more distribution channels of micro-insurance for untapped rural market is extremely important. **Arvind Kumar Singh and Mamta Singh** (Asian Journal of Management Research ISSN 2229-3795) in their research paper, "Indian life insurance industry changing scenario and need for innovation", studied that service industry is now of greater importance for instance the contribution of service sector in Indian GDP is 55.2 percent according to Union Budget 2010-11 of which 5.4 percent comes from banking and insurance. In general, high per capita income is associated with high proportion of GDS and GDP coming from insurance sector. Thus higher level of development seems to come with high level of activities in the insurance sector. When various components of the insurance market develop, insurance sector takes on a bigger share of the GDS and of the GDP. With the liberalization and entry of private companies in insurance the Indian insurance sector has started showing signs of significant change. **Dr. P.K.Gupta** (editorialexpress.com) in his research paper titled, "Exploring rural market for private life insurance players in India", analyzed that In spite of high urbanization, rural India still lacks in terms of availability of various financial products especially the risk products like life insurance. Rural insurance statistics still

indicates a significantly low penetration and poor density even after the privatization of insurance sector in 1999. Rural India offers a tremendous scope for insurers where the protection of human life and income generating assets is a matter of concern. Researcher put some suggestions in front of private life insurers to tap this potential market.

IMPORTANCE OF THE STUDY

01. This study will help to understand rural market scenario.
02. The study will help to know life insurance industry.
03. This study will also helpful to private life insurers to know the awareness of rural market towards private players.
04. This study will helpful to private life insurers for taking corrective actions in rural markets.

STATEMENT OF THE PROBLEM

Is there any need to understand the rural market, rural market scenario and rural market awareness towards private players in case of life insurance to increase the business of private life insurers?

OBJECTIVES

01. To know the rural market.
02. To know the life insurance industry.
03. To study the economic scenario of rural market.
04. To analyze the rural market awareness towards private life insurance.

RESEARCH METHODOLOGY

Type of Research- Descriptive and analytical research. An exhaustive questionnaire was structured to gather as much primary information as possible and hence, the most common form of research, descriptive research was used

Data- This study is based on primary and secondary data. The primary data is collected by rural people with the help of questionnaire. The main sources of secondary data are various journals articles, books, online data, IRDA website, etc.

Sample area- Rural areas of North Maharashtra Region (includes Jalgaon, Dhule and Nandurbar Districts).

Sample- 1000 respondents from rural areas of North Maharashtra Region.

Statistical Tool- Simple tabulation.

LIFE INSURANCE INDUSTRY

A life insurance is a legal contract with an insurance company. In exchange of premium, the insurance provider provides a lump-sum payment that is known as death benefit. Life insurance is chosen based on the needs and requirement of the owner. Life insurance fulfill both needs that are saving and life risk coverage. There are different types of life insurance plans: term plan, fundamental plans, money back plans, unit linked insurance plans, guaranteed plans and pension plans are available as per need of consumer.

Life insurance industry

There is one insurance company that is LIC in the public sector and other 23 companies in the private sector.

Life Insurer in Public Sector- 1) Life Insurance Corporation of India

Life Insurers in Private Sector

1. SBI Life Insurance
2. MetLife India Life Insurance
3. ICICI Prudential Life Insurance
4. Bajaj Allianz Life
5. Max New York Life Insurance
6. Sahara Life Insurance
7. Tata AIG Life
8. HDFC Standard Life
9. Birla Sunlife
10. Kotak Life Insurance
11. Aviva Life Insurance
12. Reliance Life Insurance Company Limited - Formerly known as AMP Sanmar LIC
13. ING Vysya Life Insurance
14. Shriram Life Insurance
15. Bharti AXA Life Insurance Co Ltd
16. Future Generali Life Insurance Co Ltd
17. IDBI Federal Life Insurance
18. AEGON Religare Life Insurance
19. DLF Pramerica Life Insurance
20. CANARA HSBC Oriental Bank of Commerce LIFE INSURANCE
21. India First Life insurance company limited
22. Star Union Dia-ichi Life Insurance Co. Ltd
23. Edelweiss Tokio Life Insurance Company Ltd

Table: 1**Premium Based Market Share of Life Insurers**

Particulars	Regular Premium RP		Single Premium SP		First Year Premium FP		Renewal Premium RP		Total Premium TP	
YEAR	LIC	Pvt.	LIC	Pvt.	LIC	Pvt.	LIC	Pvt.	LIC	Pvt.
2008-09	38.77	61.23	90.44	9.56	61.12	38.88	77.24	22.76	70.92	29.08
2009-10	43.13	56.87	92.19	7.81	65.08	34.92	73.64	26.36	70.10	29.90
2010-11	56.73	43.27	81.26	18.74	68.85	31.15	70.49	29.51	69.78	30.22
2011-12	64.58	35.42	80.58	19.42	71.85	28.15	69.91	30.09	70.68	29.32
2012-13	58.08	41.92	83.92	16.08	71.36	28.64	73.50	26.50	72.70	27.30

#Source: Compiled from annual reports of IRDA, Journals of IRDA

On the basis of total premium income, the market share of LIC increased from 70.68% in 2011-12 to 72.70% in 2012-13 while the market share of private sector decreased from 29.32% in 2011-12 to 27.30% in 2012-13. In renewal premium, LIC continued to have higher market share as compare to private sector

Table: 2**Indian Market Share of Life Insurance as per IRDA Annual Report**

Life insurance Business Performance	2014-15		2013-14	
	Public Sector	Private	Public Sector	Private
Premium Underwritten (Rs in Crores)	239667.65	88433.49	236942.30	77340.90
New Policies Issued (in Lakhs)	201.71	57.37	345.12	63.60
Number of Offices	4877	6156	4839	6193
Benefits Paid (Rs in Crores)	144125	67054	158081	58380
Individual Death Claims (Number of Policies)	755901	121927	760334	125027
Individual Death Claims Amount Paid (Rs in Crores)	9055.18	2733.49	8475.26	2385.33
Group Death Claims (Number of lives)	273794	192989	267296	158682
Group Death Claims Amount Paid (Rs in Crores)	2037.27	1483.55	1882.83	1222.25
Individual Death Claims (Figures in per cent of policies)	98.19	89.40	98.14	88.31
Group Death Claims (Figures in per cent of lives covered)	99.64	91.20	99.65	90.45

No. of Grievances reported during the year	80944	198048	85284	289336
Grievances resolved during the year	80944	193119	85828	288836
Grievance Resolved (in percent)	100.00	97.51	100.64	99.83

During the year 2012-13 life insurers issued 259.08 lakh new policies, out of which LIC issued 201.57 lakh new policies while Private Insurers issued 57.37 lakh new policies.

RURAL MARKET

All population, housing and territory not included within an urban areas whatever is not urban is considered rural. A rural area is a geographic area which is situated outside towns and cities. According to the differences between rural and urban areas we can define rural market as, 'any market that exists in an area with less than 10000 populations, low density of population and without significant infrastructure facilities is a rural market.'

According to census 2011, 68.84% population of country living in rural areas. From year 2001 to 2011 rural population increased by 10 crore while literacy rate is also increased.

Characteristics of Indian Rural Market

1. Excessive dependence on nature.
2. Preponderance of small uneconomic land and livestock holdings.
3. Low capital labor ratio.
4. Low factor productivity.
5. High incidence of poverty.
6. Lack of basic infrastructure.
7. Large and scattered market- rural market consists 84 crore population from 640867 villages having 400 per sq. km population density.
8. Major income from agriculture- 60% of the rural income is from agriculture and agricultural business.

Rural Market Opportunities

Rural market is huge untapped market available for any business. Near about 69% of country's population lived in rural areas. Tremendous changes occurs in socio-economic status of rural market. Infrastructural facilities are in growing phase. Rural savings and income continuously increases. Need and requirement of rural peoples are changed according to time. There is near about 25% annual growth in rural market. Because of all these factors suitable market conditions are created for any business and they have opportunity to expand their business in rural areas.

The study finds that-

1. According to IRDA annual report market share growth of private sector is continuously in decline phase.
2. Huge rural market is available and unsaturated for private life insurance companies.
3. Because of increasing earning, infrastructural development, media influence and education in rural areas, new market is generated. .
4. In life insurance sector for rural market, there is monopoly of LIC.
5. There is huge buying potential in rural market, only need to reach and satisfy them.
6. New innovation in products and services according to the needs and requirements of rural market will able to convert this new market.

DATA ANALYSIS**Table: 3 , Annual family income (in Rs)**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Below 50000	431	43.1	44.5	44.5
50000 to 1 Lakh	270	27.0	27.9	72.3
1 Lakh to 2 Lakh	128	12.8	13.2	85.6
2 Lakh to 3 Lakh	70	7.0	7.2	92.8
3 Lakh and above	70	7.0	7.2	100.0
Total	969	96.9	100.0	
Missing System	31	3.1		
Total	1000	100.0		

Interpretation: It was found that most of rural families (72.3%) have annual income below 1 lakh rupees. Only few families (7.2) have income 3 lakh and above.

Table: 4**Have you heard about life insurance?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid No	209	20.9	21.0	21.0
Yes	787	78.7	79.0	100.0
Total	996	99.6	100.0	
Missing System	4	.4		
Total	1000	100.0		

Interpretation: It was found that most of rural families (79%) heard about life insurance. Still 21% rural people doesn't heard about life insurance.

Table: 5**Do you know LIC of India?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid No	141	14.1	14.1	14.1
Yes	859	85.9	85.9	100.0
Total	1000	100.0	100.0	

Interpretation: It was found that most of rural people (85.9%) known about LIC of India.

Table: 6

Are you aware that apart from LIC of India, many private life insurance companies are providing life insurance coverage?

	Frequency	Percent	Valid Percent	Cumulative Percent
No	341	34.1	34.1	34.1
Valid Yes	659	65.9	65.9	100.0
Total	1000	100.0	100.0	

Interpretation: Analysis shown that most of rural people (65.9%) also known about private life insurance companies. Still 34.1% rural people doesn't know private life insurance companies.

Table: 7

Do you get sufficient information of private life insurance (like insurance plans, fund security, claim settlement, IRDA control etc.)?

	Frequency	Percent	Valid Percent	Cumulative Percent
No	636	63.6	63.7	63.7
Valid Yes	363	36.3	36.3	100.0
Total	999	99.9	100.0	
Missing System	1	.1		
Total	1000	100.0		

Interpretation: It was found that huge rural population (63.7%) don't have sufficient information of private life insurance providers.

Table: 8

Do you feel that life insurance is necessary for any individual?

	Frequency	Percent	Valid Percent	Cumulative Percent
No	97	9.7	9.7	9.7
Valid Yes	903	90.3	90.3	100.0
Total	1000	100.0	100.0	

Interpretation: analysis shows that most of rural people (90.7%) understand the necessity of life insurance. They said that life insurance is necessary for any individual to cover life risks.

SUGGESTIONS

There are few suggestions for private life insurers-

1. Whole Indian market is divided into rural and urban areas. Rural market have huge population so private players have opportunity to create awareness and expand their business.
2. From 2000, Indian Government open market for life insurance so whole Indian market is now available for private players.
3. Still there is monopoly of LIC in Indian market. So Private Players should focus on creating awareness in huge rural market.
4. Rural people have low family income, this becomes difficult for them to incurring losses from life risk. So private insurers have opportunity to sell their product as a financial assistance for rural people.
5. Most of rural population heard about private life insurance but still they don't know sufficient information of private life insurance.
6. 90% rural population said that life insurance is necessary for human being. So this is golden opportunity for private players to create awareness and expand business in rural market.

CONCLUSIONS

The study shows that, there is huge rural untapped market available for private life insurance companies. People of rural areas are ready to purchase life insurance as they said life insurance is necessity of human being. Only need is to go in rural market, give sufficient information of your product to people. Huge potential rural market is waiting for you. So private life insurance players should make use of this opportunity to expand their business in rural market.

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