

Problems and Prospects of Life Insurance with Reference to North Coastal Andhra Pradesh

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ABSTRACT

Insurance is a social security tool because without insurance this human society would consist of helpless old people, helpless widows and unprotected orphans. Every economic activity is associated with risk and insurance is the risk buster. For operating and sustenance of any meaningful business, the risk appraisal and suitable insurance remedies are the basic necessities. The bereavement of the bread earner in a family deprives them of the major sources of sustenance and the family is thrown in the streets and it becomes a societal problem. Insurance takes care of these situations. The objective of the paper is to identify problems and prospects of life insurance. This is a part of study under major research project sponsored by UGC.

Keywords

Life Insurance, Claims, Premium, Services

INTRODUCTION

Insurance is a social security tool because without insurance this human society would consist of helpless old people, helpless widows and unprotected orphans. Every economic activity is associated with risk and insurance is the risk buster. For operating and sustenance of any meaningful business, the risk appraisal and suitable insurance remedies are the basic necessities. The bereavement of the bread earner in a family deprives them of the major sources of sustenance and the family is thrown in the streets and it becomes a societal problem. Insurance takes care of these situations.

OBJECTIVE

The main objective of the study is to find out what are the problems and prospects of life insurance in North Coastal Andhra Pradesh.

METHODOLOGY

For the purpose of the study, a survey has been conducted with a view to elicit the views of the policyholders who have bought policies offered by LIC and to assess the level of satisfaction they derived in due course. For the purpose of the study, 100 respondents are selected from each district in North Coastal Andhra Pradesh of Srikakulam, Vizianagaram, Visakhapatnam. A well designed and structured questionnaire has been prepared and canvassed among the respondents after duly pre-tested and stabilised. The result of the above study is presented hereunder.

Table 1 Response on Necessity of Life Insurance

Response	Srikakulam No. of Respondents	Vishakhapatnam No. of Respondents	Vizianagaram No. of Respondents
YES	92	90	85
NO	8	10	15
Total	100	100	100

Out of total 300 respondents, maximum respondents felt that insurance is necessity for an individual for risk coverage purpose and saving purpose. Table 1 shows the responses of respondents on necessity of life insurance almost all the three districts respondents in North Coastal Andhra Pradesh felt the same. The awareness on life insurance is there among the respondents and basing on the table respondents are feeling necessity of life insurance to every individual.

Table 2 Response on Insurance Aims at Covering Risk & Means of Investment

Response	Srikakulam No. of Respondents	Vishakhapatnam No. of Respondents	Vizianagaram No. of Respondents
Yes	75	83	77
No	25	17	23
Total	100	100	100

Generally in the public people are thinking that life insurance is for income tax purpose or investments purpose but very few people taking the policies for risk coverage purpose. From the table 2 we can observe that on the question of risk & investment maximum per cent of respondents felt that they know that insurance is means of risk & investment. Minimum per cent of respondents are felt they don't know as means of risk coverage & investment. In Srikakulam district 75 per cent of respondents are felt as means of risk & Investment 25 per cent not. In Vishakhapatnam district 83 per cent felt as risk and investment 17 per cent not. In Vizianagaram district 77 per cent of respondent felt as means of risk & investment.

Table 3 Awareness on Private Life Insurance Companies

Response	Srikakulam	Vishakhapatnam	Vizianagaram
	No. of Respondents	No. of Respondents	No. of Respondents
Yes	77	70	58
No	23	30	42
Total	100	100	100

From the table 3 we can observe that out of 300 respondents, maximum respondents they don't know regarding the private life insurance companies also there. Insurance companies should organize awareness campaigns in rural market to buy life insurance policies by the people and to increase life insurance penetration levels. Out of 3 districts in North Coastal Andhra Pradesh, 58 percent of respondents in Vizianagaram know about private life insurance companies.

Table 4 Investment Pattern of Savings by Respondents

Investment in	Srikakulam	Vishakhapatnam	Vizianagaram
	No. of Respondents	No. of Respondents	No. of Respondents
Life Insurance	54	48	39
Post Office	8	5	14
Bank Deposits	28	39	40
Gold /Shares	6	4	4
Mutual Funds	1	1	2
Real Estates	3	3	1
Total	100	100	100

Table 4 shows the investment pattern of respondents. Respondents they are investing their savings in different avenues available in the market. Out of 3 districts in North Coastal Andhra Pradesh 2 districts respondents are giving preference to life Insurance. In Vizianagaram district respondents are giving priority to invest their saving in banks. After life insurance the respondents has been giving priority to the investment in banks followed by post office investments.

Table 5 Confidence on Premium Paid to Private Life Insurance Companies

Response	Srikakulam	Vishakhapatnam	Vizianagaram
	No. of Respondents	No. of Respondents	No. of Respondents
Yes	35	60	50
No	65	40	50
Total	100	100	100

Opinion on premium paid to private life insurance companies collected and presented in the table 5. From the analysis out of maximum respondents are expressed that there is no safety in private life insurance companies, it means private life Insurance companies should create awareness about IRDA and other regulations to create awareness on safety in taking life Insurance in private life insurance companies. If all private life insurance companies are come forward to create awareness on life insurance and its importance automatically the penetration and density levels will increase in the country.

Table 6 Influence in Buying Life Insurance Products

Influenced by	Srikakulam	Vishakhapatnam	Vizianagaram
	No. of Respondents	No. of Respondents	No. of Respondents
Agents	53	30	70
Close Friend or relatives	10	32	12
Advertisement	1	1	0
Family Members	28	25	7
Self Decision	8	12	11
Total	100	100	100

In India, the level of insurance awareness in general is very low and it is very poor in rural areas. Therefore, customers do not approach the branches of life insurance

companies directly to buy the insurance policies. Normally they would be influenced by some people to buy the policies and the agents play a major role in this regard. However, with a view to know this, the respondents are asked to specify the persons who influenced them in buying their respective policies and these respondents are depicted in table 6. It is observed from the table that out of total respondents maximum percent of respondents are purchased by the influence of agents it means agents are trying to create awareness on life insurance but not 100 percent. The role of advertisement is very low percent of respondents are influenced by advertisement next to agents, family members influence is there in purchasing insurance policy some of the respondents are purchasing policies by their own to cover risk and for Income tax purpose.

Table: 7 Interests on Additional Life Insurance Policies

Response	Srikakulam No. of Respondents	Vishakhapatnam No. of Respondents	Vizianagaram No. of Respondents
Yes	40	37	37
No	60	63	63
Total	100	100	100

The policyholders after purchasing one life insurance policy, they will show interest on purchasing additional life insurance policies. Initially they may be purchased a life insurance policy with minimum sum assured but later basing on their income levels, dependents, and income tax dues they will buy additional life insurance policies to them and on the name of the their children and spouse. An attempt is made to know the interest of respondents in interest of purchasing new life insurance policies and presented the same data in table 7. According to the study in North Coastal Andhra Pradesh, out of total respondents more than 37 percent of respondents aggregate willing to purchasing additional policies. Srikakulam district 40 percent, Vishakhapatnam and Vizianagaram district 37 percent of respondents are showing interest to purchase additional policies.

Table 8 Opinion on Timely Claim Settlement by Insurance Companies

Response	Srikakulam No. of Respondents	Vishakhapatnam No. of Respondents	Vizianagaram No. of Respondents
Yes	67	65	67
No	33	35	33
Total	100	100	100

Information is also sought from the respondents with regard to settlement pattern of insurance claims and this information is also provided in Table 8. In case of claim settlement, there are two types of claims maturity claims and death claims. In maturity claims after completion of maturity period insurance companies will pay the claim amount to the policyholders. In case of money back policies, the policyholders will receive the survival benefits for every 4 or 5 years from the life insurance companies. It is observed from the table that more than 65 percent of respondents are satisfied and opined that claims are clearing by the life insurance companies in time without any delay, minimum percent of respondents are expressed that claims settlement is not timely.

Table 9 Awareness on Lapse of Life Insurance Policy and its Revival

Response	Srikakulam No. of Respondents	Vishakhapatnam No. of Respondents	Vizianagaram No. of Respondents
On Lapse of Insurance Policy			
Yes	68	45	45
No	32	55	55
Total	100	100	100
On revival of Lapse Policy			
Yes	57	49	42
No	43	51	58
Total	100	100	100

In payment of life insurance premium there may be delay by the policyholders for the long period, in this case, the policies may be lapsed on this aspect to check the awareness levels of the policyholders' on lapse of life insurance and its revival, data collected from the respondents and showed the same in table 9. From the table 9 we may observe that in case of Visakhapatnam and Vizianagaram district more than 50 percent of respondents they don't know about lapse of life insurance policies if premium amount not paid in time.

If any life insurance policy lapsed due to non-payment of life insurance renewal premium in time, the same policies may be revived. Table 9 shows that the awareness levels of revival of lapsed life insurance policies. As regards the revival of the lapsed policies, it is observed that maximum percent of respondents in Srikakulam aware about revival chance.

CONCLUSION

Life insurance is very important to every individual to project their family and for saving purpose of savings also

but insurance companies should create awareness on product available in their company then penetration will increase in the country. All Insurance Companies may increase their business by creating awareness programs on various policies; there is a lot of potential market to insurance products.

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